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Latin America Report

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BELIZE REQUESTS DIRECT TALKS WITH GUATEMALA

Guatemala City PRENSA LIBRE in Spanish 23 Dec 85 p 8

[Article by Alvaro Galvez Mis: "Esquivel Wants to Talk With Cerezo"]

[Text] The government of Belize, headed by mathematics professor Manuel Esquivel, hopes to meet in January with Guatemala's president elect, Vinicio Cerezo, to discuss the future of the disputed territory and reach a final agreement that would end the more than 150-year old controversy.

According to the official Belizean radio station "The Voice of Belize," Esquivel was pleased with the victory of the Christian Democratic Party in Guatemala and he hopes that he can start direct talks with the Guatemalan president-elect, without the involvement of England, to continue negotiations.

Before taking office in December 1984, Prime Minister Esquivel was a staunch opponent of the administration of Mr George Price and was regarded as "anti-Guatemalan." In other words, his political stance was not to negotiate "a single inch of land" with Guatemala.

Nevertheless, his current favors direct negotiations between Belize and Guatemala, that is to say, without the presence of England, as was the case in the past.

Esquivel says that more than anything else his administration wants to see the so-called points of agreement signed in March 1981 in London honored. Among the most important points are an outlet to the Caribbean for Guatemala, use and enjoyment of the Zapotillo and Renguana keys, a cooperation treaty between the two countries, and arrangements for Guatemalans to use the port in the disputed territory for trade purposes.

Belize's home affairs minister, Dean Lindo, feels that the use and enjoyment of the Zapotillo and Renguana keys does not mean that Guatemala can build hotels there, much less military bases.

In other words, Guatemalan tourists can head for the seashore, swim in the morning and return that afternoon. Belize would continue to have sovereignty over the keys.

On his recent trip to Costa Rica, Esquivel stated that he would "soon seek a rapprochement with President-elect Vinicio Cerezo to initiate a different and specific dialogue to look for answers to Guatemala's claims."

Guatemalan governments have so far held firm to a position of "not negotiating with Belize because they do not recognize the territory as a State."

At the recent special assembly of the OAS in Cartagena de Indias, Colombia, the Caribbean communities, through Costa Rica, moved to amend Article 8, which prevents countries with territorial claims against them from joining the organization.

The Guatemalan delegation, headed by Foreign Minister Fernando Andrade Diaz-Duran, opposed the amendments, and discussion of them was postponed for up to 5 years.

The chief of state, General Mejia Victores, said that "a great many things can happen in 5 years," adding that his government would uphold to the end its firm position of not recognizing Belize as an independent State.

Returning from the OAS meeting, Foreign Minister Andrade stated that Guatemala is flexible and thus it sought to have the discussion of the matter postponed, by consensus, for 5 years.

Christian Democratic Stance

Guatemala's president-elect, Vinicio Cerezo, has often told the national press and foreign correspondents that "Belize is a very different nation from Guatemala; even its customs and language are different."

Taking this into consideration, the Christian Democratic administration will seek an ongoing dialogue with the Belizean authorities to settle the dispute on the basis of more realistic points of view. Also, it has not ruled out the possibility of an eventual direct dialogue with Prime Minister Esquivel.

In a recent interview with PRENSA LIBRE, Rene de Leon Schlotter, who is regarded as the country's future foreign minister, took the same stand as Cerezo Arevalo.

"We are going to continue the negotiations," De Leon said, "and if possible, directly with the government of Belize. We want to enter into negotiations, one of whose main points is to guarantee an outlet to the sea for Guatemala."

"Of course any potential settlement will be put to a referendum," he emphasized, "as provided for in the new constitution of the republic, which takes effect this January."

As far as Belizean politicians are concerned, the leader of the Toledo Progressive Party (PPT), Alejandro Vernon, says that the people of Belize hope

that this longstanding problem can be successfully settled over the next 5 years, which is the term of the Christian Democratic administration.

Vernon is one of the Belizean politicians who for several years have been seeking a rapprochement between Belize and Guatemala and an honorable settlement of their dispute.

The leaders of the United People's Party, which is now in the opposition, say that Esquivel does not have good intentions in recognizing the aforementioned points of agreement.

They feel that there will not be enough time for negotiations because Esquivel's administration is losing popularity owing to the major blunders it made during its first year. They assert that if elections were to be held in the near future, the victory would go to George Price, the loser in the last election, who has now retired to private life.

8743
CSO: 3248/176

GUATEMALA ANNOUNCES ARRANGEMENT FOR COSTA RICAN PAYMENTS

Guatemala City PRENSA LIBRE in Spanish 23 Dec 85 p 2

[Text] The Monetary Board has approved an arrangement under which Costa Rica will pay for its imports from Guatemala on which payment is due up to 31 December 1985. The approval came after the trade problem between the two countries was resolved.

Under the resolution, the Central Bank of Costa Rica will make payment to Guatemalan exporters for goods unpaid for as of 13 December 1985 as soon as the Costa Rican importers submit the corresponding requests and deposit the equivalent in domestic currency of the Central American peso amount of their debts to Guatemalan exporters.

To this end, the Central Bank of Costa Rica will publish notices in the country's newspapers urging Costa Rican companies to make the deposits within 60 days in the Central Bank or in the financial institution that it designates for this purpose.

Every Monday the Costa Rican bank will tell the Bank of Guatemala what companies made deposits, who the Guatemalan payees are, and what the Central American peso equivalents of the deposits are. This report will be the basis for the Bank of Guatemala to clear the export licenses.

The Bank of Guatemala will give notice to domestic exporters and pay them in quetzales. It will use the exchange rate agreed on in the Central American Clearinghouse in the case of exports prior to 16 November 1984. In the case of exports subsequent to that date, it will use the buyer's exchange rate for transactions with Central America that was in effect on the date that notification of payment, issued by the Central Bank of Costa Rica, was received.

The foreign exchange department of the Bank of Guatemala reported in conclusion that it has urged exporters to Costa Rica who have not yet been paid for exports prior to 13 December 1985, to contact their Costa Rican importers and ask them to deposit as soon as possible in the Bank of Costa Rica the equivalent in Costa Rican currency of the Central American pesos that they owe.

8743
CSO: 3248/176

BRIEFS

HAVANA ON DONATION TO BOLIVIA--Bolivian Health Minister Carlos Perez Guzman [name and title as heard] has rejected the attacks from rightist sectors on the cooperation that Cuba is offering Bolivia in the health field. In a statement published in an official information ministry bulletin, Perez Guzman noted that the Ismaelillo Intensive Therapy Ward, donated and installed by Cuba, is performing an important social function and not espionage activities, as EL DIARIO, a pro-U.S. newspaper published in La Paz, has reported as part of a filthy propaganda campaign. This campaign was also repudiated in an article entitled "Thanks a Million, Republic of Cuba," published by the conservative newspaper HOY. HOY praises the Cuban donation because of its quality, its high scientific level, and because of the intention to alleviate the infant mortality rate in Bolivia, which is 200 out of every 1,000 children born alive. HOY states: Any effort aimed at throwing shadows on this cooperation is not only inadmissible, it is also an expression of ungratefulness and irresponsibility by antisocial people who are blinded by their political inclinations. These people want to turn us into ravens that peck on the eyes of those unselfishly helping us. [Text] [Havana International Service in Spanish 1600 GMT 16 Feb 86 PA] /9738

CSO: 3348/420

ACLM ORGAN ASSAILS BUSH REMARKS AT MIAMI CONFERENCE

St Johns OUTLET in English 17 Jan 86 p 8

[Editorial]

[Text]

Another major salvo was fired against the independence and sovereignty of the Caribbean at the recent Miami Conference on the Caribbean. The gunner was none other than the Vice President of the United States, George Bush, who made some trenchant, unfounded and contemptuous remarks to, all people, Caribbean leaders about the Caribbean.

Said Bush, in what American officialdom described as "a blunt speech", and what can only be seen from the Caribbean perspective as ignorance bordering on utter rudeness: 'Many countries of the Caribbean Basin have tax rates that far exceed those of the United States." Continuing, Bush said "The high rates of TAXATION deter new investment even though little tax is actually collected."

As everybody knows, U.S. investment in the English speaking Caribbean enjoys unlimited tax holidays. The imposition is rare in the extreme. Invariably, once the tax holiday extended to a U.S. investment in the Caribbean ends, then the U.S. investor sells to another U.S. entrepreneur who promptly re-applies for "pioneer status". And, even before the new application has reached the appropriate minister, the tax holidays are again extended. And if not extended immediately, the threat of closure and resultant "loss of jobs" brings an instantaneous response re-instituting the tax holidays for another 10, 20 or 50 years. If not that a bribe, known as a "finders fee" would bring the required advantage for the U.S. investor.

What the dickens then was Vice President Bush talking about?

Then said Bush, countries in the Caribbean Basin "should also reduce the overall level of regulation" on U.S. investment in the region.

What was this man talking about. He is definitely in "the bush" insofar as the Caribbean goes. The English-speaking Caribbean is a virtual open sesame for U.S. investment. Apart from unlimited tax holidays, repatriation of profits is equally unlimited in the Caribbean. Work permits are granted to

U.S. business with alarming frequency and often with little justification. Insistence by governments, especially Antigua, that locals be trained to fill posts held by so-called U.S. "experts" is virtually nil.

U.S. investment, in the Caribbean in the main, operates without paying customs duties and waivers of consumption and other taxes are the norm, the rule rather than the exception, for U.S. businesses in the region. What then does Bush want?

Apparently, Bush expects at the very minimum that the Caribbean would open its arms and legs wider to be penetrated ceaselessly by American largesse, and though they already enjoy this prostration, they are still demanding more and more and more ..... CBI has failed. Indeed, it was never intended to work by its U.S. initiators. Thus Bush, with typical hypocrisy, is blaming the Caribbean for the failure of the deliberately stillborn CBI.

Despite the fact, that most U.S. investor operate their investments relatively free of Customs duties Bush angrily asserted that "Customs Services are too often extremely inefficient. They create unnecessary delays that strangle trade and choke off the interest of investors".

Note well, that as far as Bush is concerned Caribbean Customs Services, must operate primarily to facilitate U.S. investors, and not Caribbean people.

Secondly, anyone who has even exported anything to the U.S. would know that U.S. customs are the most difficult, complicated to get through - it is a veritable, minifield a labyrinth of regulations. U.S. protectionism erects this Chinese Wall at its Customs, so that it speak free trade and practice the most ruthless protectionism.

The only conclusion that can be arrived at from U.S. Vive President Bush's outburst in Miami, is that the U.S. is impatient with the few remaining signs of Caribbean sovereignty and want them dismantled to the advantage of U.S. business, with the greatest speed.

Given the current Caribbean leadership, the Caribbean stands in real danger of being relegated from U.S. backyard to U.S. garbage dump.

ONLY a genuine CARIBBEAN NATION, embracing the 27 coastal and island nations of the Caribbean, with firm links with Central America can avert this clear and present danger.

/9274
CSO: 3298/310

HECTOR HITS VOTE FRAUD IN CABLE TO GUYANA'S HOYTE

St Johns OUTLET in English 17 Jan 86 p 1

[Text]

ACLM political leader, Leonard Tim Hector, despatched a cable to President Hoyte of Guyana, deploring the general Elections in Guyana, termed 'SELECTIONS' at a public Meeting held on December 12. On that date the ruling Guyanese PNC which has declared 'paramountcy' over the State and over the electoral process, declared that it had won 228,718 votes out of a total poll of 291, 175 votes. Most people in Guyana have characterised the election results as "a statistical absurdity". In spite of low polling in traditional PNC strongholds the ruling PNC, pulling its usual electoral abracadbra, in which the army takes control of the boxes, which are kept in camera, awaiting all boxes before counting can begin. It took from December 10 to December 12th before the final PNC rabbit was pulled out of the boxes. Elections in Guyana can no longer be described as fraudulent, said ACLM Chairman at the Public Meeting, they are "fraudulent magic".

The ACLM Cable to Guyana's new President Desmond Hoyte stated: "Guyana Election results subject of ridicule everywhere. Suggest you avoid impending and necessary confrontation by establishing a Government genuine of National Unity. Such a Government of national unity must include the PPP, the WPA, the Guyana Council of Churches as well as the Hindu and Muslim representatives, and the Trade Union Council. Nothing else can deal with enormous political and economic crisis, as well as the national and universal crisis of confidence in Guyana Government over which you preside. Either you preside in national unity or the crisis will preside over you."

The important ACLM Cable continued "Urge you to act now in the interest of preserving Caribbean Self respect and save the Caribbean public from believing and concluding that politics is crookery aplenty and fraud unlimited. No worse plague could befall a people than such a conclusion. A word to the wise ought to be sufficient."

/9274
CSO: 3298/310

BRIEFS

GOVERNMENT WEEKLY--The NATION'S VOICE newspaper will now be appearing on news stands in Antigua and Barbuda on a weekly basis. A major development needed to effect the change over from a bi-monthly tabloid came when Co-ordinator of Public Information Division (PID) and Co-ordinating editor of the paper, Barrymore Stevens, was able to secure a grant fron UNESCO to purchase a word processor. According to the Co-ordinator, this is just a small part of his programme to upgrade the public Information Division. [Excerpts] [St Johns NATION'S VOICE in English 10 Jan 86 p 1] /9274

CSO: 3298/310

CAPUTO DISCUSSES FOREIGN POLICY COURSE

PY090040 Buenos Aires TIEMPO ARGENTINO in Spanish 4 Feb 86 p 9

[Text] "Argentina, a country that is trying to strengthen its democratic process, overcome the problems created by 50 years of political instability, and recover its sovereign presence in the international community, cannot become engaged in serious internal and external conflicts like those that would result if we refused to repay our foreign debt."

This statement is part of an article by Foreign Minister Dante Caputo, published in the last issue of MERCADO magazine under the headline: "The foreign policy course."

In his article, Caputo says that the decision to meet our external obligations "is not based on an abstract, philosophical discussion but on a realistic evaluation."

However, Caputo states that "the main dilemma is how to prevent the payment of our debt from impeding the indispensable growth of our economies and the generalized declaration of a moratorium by all the Latin American debtor countries."

"The basic problem is that if one day the people become aware of their impoverished situation and discover that the efforts they make to improve their country are ineffective because the foreign debt is sucking away all their efforts preventing them from attaining better living standards, the foreign debt problem will then, at that moment, become our most serious individual problem. At that time we will be able to move to the other alternative: not to pay the debt, and declare a general moratorium," Caputo wrote.

For the head of the San Martin Palace, the situation just described lets us see that the status quo contains self-destructive elements: that is, if we do not want to change anything now, everything will in the end be changed. [sentence as published]

Caputo says: "Argentina believes that the Cartagena Consensus must basically concentrate on breaking the negative dilemma between paying under traditional conditions and not paying through a generalized moratorium. Therefore, the

basic problem is how to transform the debt issue to a new issue such as how to obtain resources for growth."

Caputo also discusses Argentine foreign policy and other questions posed by MERCADO.

Answering one question, Caputo says that Argentina is a country with little participation in world exports and one which has a vulnerable economy. "Therefore, should Argentina abandon the idea of nonalignment to ally itself with the United States which is a superpower?"

Caputo said that he believes in the need for "societies made up of symetrically or reasonably equal countries," that he does not believe "in societies made up of asymmetrical countries with great differences between them in their economic and financial capacity. The United States and the EEC are equal state societies. This equality allows them to express themselves politically and economically with similar force."

He says: "This is not the case for the Latin American countries before an alleged alignment with the great blocs now existing in the world. An eventual alignment with the United States--and the United States cannot be blamed for this--would not resolve the great problems, resulting from the great distortions currently existing in the world economic structure. Neither would it resolve the great problems of the distorted Latin American internal economic structure. An alliance with the United States will not resolve the problem of an inefficient public sector, or inefficient Argentine industry which is the reason it cannot compete in exports. Such an alliance will not open the markets closed by protectionist policies."

Caputo says: "There are also very profound and genuine political motivations that must be protected. I do not consider independence or sovereignty to be empty rhetoric or unimportant feelings. They are not merely affective words. They are very rational feelings because if a country protects its sovereignty and can decide by itself, it will then be able to create better conditions for its development. The nations that become satellites of other nations lose their capacity not only to decide their destiny and resolve their domestic and foreign problems from the political point of view, but they also lose their capacity to strengthen the country economically and financially."

/9738
CSO: 3348/418

ARMY OFFICERS SENTENCED FOR STATEMENTS

PY050301 Buenos Aires Noticias Argentinas in Spanish 1241 GMT 4 Feb 86

[Text] Buenos Aires, 4 Feb (NA)--Army Chief of Staff General Hector Rios Erenu has imposed a 30-day arrest on Colonel Pascual Guerrieri to be served at the 6th Mountain Infantry Brigade headquartered in Neuquen. A Defense Ministry source confirmed at noon today that the punishment was imposed because of a note Guerrieri submitted to the Army commander "without the appropriate respect."

The source consulted by Noticias Argentinas also admitted that Colonel Jorge Granada--the other officer accused by presidential decree No. 2049 of plotting against democracy--held a meeting with Interior Minister Antonio Troccoli, and explained that for this reason "he deserves no punishment."

According to the newspaper AMBITO FINANCIERO, Granada, who met with Troccoli to demand further explanations of the charges brought against him by the government, "has the right, as does any other citizen, to ask the authorities for a meeting, a right that is not prevented by any kind of law."

According to AMBITO FINANCIERO, Col Granada reportedly visited the Interior Ministry to demand a public explanation of the charges brought against him by government officials, after his telephone call for a meeting with the interior minister was denied.

In turn, the newspaper reiterates that Colonel Pascual Guerrieri--another military man accused by decree No. 2049--may be punished with 20 days of arrest in the 6th Mountain Infantry Brigade in Neuquen, for his recent statements in a radio interview, in which he implicitly criticized Air Force staff chief Brigadier Ernesto Crespo.

The newspaper adds that in view of the colonel's insistence, Troccoli had to receive him in his office. After a heated conversation Troccoli asked Granada whether he had an authorization from Defense Minister Roque Carranza to meet with him, and Granada answered negatively.

AMBITO FINANCIERO has stated that there is no rule preventing military officers on active duty from visiting government officials on a personal basis.

The newspaper adds that Guerrieri will be punished with a 20-day arrest in Neuquen, and that "it is a serious punishment that will be the object of several legal interpretations." It also publishes an interview granted by the same military officer to this newspaper in Mar del Plata.

"It was known that you would be punished for your recent statements," the journalist said in the mentioned radio interview, to which Guerrieri replied: "I want to live in freedom and democracy, and if every day a journalist comes and asks me this, well then, I will be sanctioned, I will end up by running away."

Guerrieri recalled that the radio interview was a "casual" one, which "took place spontaneously on the beach, and I was applauded by the public who understood that I was not adopting any political position."

Asked if he was ruling out the possibility of punishment, he said, "I do not believe that General Rios Erenu will adopt such a measure without telling me first. He is a faithful believer in democratic coexistence and he must evaluate correctly how things happened."

He added that Gen Rios Erenu "knows that in my case, vindication is pending because I and my family have suffered much because of the false accusations against me.

It would be unfair to punish me for what you are saying and I do not believe that Gen Rios Erenu would be so arbitrary."

Finally he said: "I am still confident in God as well as in justice and in the Army to which I owe myself."

/9738
CSO: 3348/419

BRIEFS

ANTIHAIL ROCKETS FROM USSR--Mendoza--Mendoza Province has spent more than $800,000 for antihail rockets. The Mendoza government has made the purchase from the Soviet Union of 1,200 antihail rockets of the Alazan-2 type. [Text] [Buenos Aires Domestic Service in Spanish 2300 GMT 5 Feb 86 PY] /9738

JAPENESE FISHING ACTIVITIES EXPLAINED--In a note sent to the Argentine Foreign Ministry, the Japanese Government has denied having recognized British sovereignty over the Malvinas Islands by honoring a British request to reduce fishing activities in the South Atlantic. According to reports from London, the Argentine Government has conveyed its concern to the Tokyo Government over the fact that Japanese fishing boats "had obeyed" directives issued by the British usurpers of the archipelago. Japan has reiterated to Buenos Aires its "well-known position" on the Malvinas conflict, that is, its "unwavering" support for the resumption of negotiations. Furthermore, Japan noted that the decision to reduce fishing activities in the South Atlantic was not made by the government, but by shipowners and by unions of fishermen and sailors. It also stated that the request to reduce fishing activities in the area had not been made by the British Government, but by the FAO. [Text] [Buenos Aires TIEMPO ARGENTINO in Spanish 11 Feb 86 p 2 PY] /9738

CSO: 3348/418

BARROW DESCRIBES, JUSTIFIES DISCUSSIONS IN GUYANA

Assessment of Trip

Bridgetown BARBADOS ADVOCATE in English 21 Jan 86 p 1

[Text] Opposition Leader, Mr. Errol Barrow, has described last weekend's trip to Guyana and Trinidad and Tobago as fruitful.

As a result of his trip to Guyana, that country's President, Desmond Hoyte, has restated his commitment to the regional integration movement and is to take a definitive statement on a number of issues soon.

Mr. Barrow who returned home yesterday said the trip had nothing to do with the forthcoming general elections in Barbados, but rather because his Democratic Labour Party was concerned about what had been happening within the Caribbean Community (CARICOM). He also made it clear that he did not go to Guyana to investigate electoral fraud there since "I have no such authority."

"I went because people in my party are very concerned about the whole future of CARICOM" noting that Guyana is pivotal to the Caricom Movement.

Trip

The Opposition Leader, who emphasised that the trip was aimed at bolstering CARICOM — not only in trade and balance of payments — but in all its facets, said he had been in contact with President Hoyte by telephone prior to going to Guyana. Mr. Barrow was accompanied on his Guyana trip by Mr. Peter Morgan, a former Minister of Information in the last DLP administration.

Mr. Barrow said that the Guyana leader affirmed that he was commited to CARICOM and the integration movement and he had promised to make a definitive statement on a lot of issues that are bothering people within the next 14 days.

Suggestions

While in Georgetown, Mr. Barrow also made a number of suggestions to President Hoyte, which included the setting up of a High Commission in Bridgetown and the Guyana administration coming out forthrightly and answering people when they say they don't like this or they don't like that. He felt the Guyana Government ought to be big and sure enough of itself to come out and say "these are the facts and this is where we stand," adding that the Government of Guyana really had nothing to hide.

Mr. Barrow pointed out that anything which happened in Guyana or any other regional country reflected on the whole region. It was because he was a committed regionalist, Mr. Barrow said, he would be reluctant to support any suggestion to move the CARICOM Secretariat from Guyana as a number of politicians in the region had been suggested.

CARICOM Ingredient

Bridgetown DAILY NATION in English 21 Jan 86 p 24

[Text]

OPPOSITION LEADER ERROL BARROW, sees frequent talks as the key to keeping CARICOM alive.

Speaking at a Press conference in the VIP lounge of the Grantley Adams International Airport minutes after his arrival from three days of talks in Guyana, and Trinidad and Tobago, Mr. Barrow said: "According to what Mr. Hoyte (Guyana's president) told me, and I agree with him, "the governments have got to start speaking to each other. Because between 1976 when we were no longer in office, until about 1982 or 1983, when Mr. Reagan summoned Mr. Adams and Mr. Seaga, there were no meeting of heads of government at all. And, we had had from 1963 about 13 or 14 meetings. Sometimes two meetings; but at least one meeting a year."

Mr. Barrow said he did not think that the average Barbadian was sufficiently conscious of the implications of the regional integration movement as he ought to be, and therefore remained "unimpressed" by what was going on.

He added: "Personally I have had excellent relations with all the people in the Caribbean, particularly the leaders.

Mr. Barrow said' "We have tried to keep out of their business, and advised them when they asked for advice. That was the reason why CARIFTA and the intergration movement was successful in the early stages.

"Dr. Jagan, Mr. Bustamante and Dr. Williams and I were like North, South, East and West were when it came to political ideology," Mr. Barrow said.

He noted that, although, Dr. Jagan was a Marxist, Alexander Bustamante a labour capitalist, Eric Williams an historical pragmatist, and himself a democratic socialist, they communicated with each other.

Mr. Barrow along with the late Guyana president, Forbes Burnham, and Antigua and Barbuda's prime minister Vere Bird Sen., was instrumental in formulating the principles of the regional movement in the 1960s.

Advice to Hoyte

Bridgetown DAILY NATION in English 21 Jan 86 p 24

[Text]

THE GUYANA GOVERNMENT has been advised by Opposition Leader, Errol Barrow, that if it does not have anything to hide it should allow people to go there at election time.

Shortly after returning from a three-day trip to Guyana and Trinidad yesterday, Mr. Barrow disclosed the Guyana President, Desmond Hoyte would be taking steps within the next two weeks to "put people's minds at rest". Mr. Barrow did not disclose those steps.

He said that during his talks with Mr. Hoyte over the weekend he made two suggestions concerning CARICOM.

The first, he said, "was to establish a high commission in Barbados, and secondly that Guyana should come out forthrightly and answer when people say they don't like this and they don't like that."

Mr. Barrow said the government of Guyana ought to be big enough and sure enough of itself to come out and state the facts. He added he thought it was unfortunate that when people tried to get permission to go to Guyana to look at what was going on with elections the Guyana government should say it did not want them to come.

"This appears to me to be a situation in which they give the impression that they have something to hide."

He added: "The president assured me and demonstrated in various ways (and by correspondence with Dr. Jagan and by actions he took to correct any irregularities) that they really had nothing to hide."

He said it was demonstrably clear the Guyanese were supporting the People's National Congress and had freedom of choice.

He said one of the things he was able to "put across' though not necessarily "get across" to Mr. Hoyte was if "you know you don't have anything to hide you should let them all come in".

"I put that across and I hope that he got the message," Mr. Barrow said.

Reply to Criticism

Bridgetown WEEKEND NATION in English 24-25 Jan 86 p 3

[Text]

LEADER OF THE OPPOSITION, Errol Barrow, says his trip last weekend to Guyana was not to lecture to the Guyanese about human rights, their relations with the Roman Catholic Church or to determine whether the last general election was free and fair.

"We went to Guyana to meet with the head of state and appraise him of the serious concern which has been expressed by governments and individuals throughout the Caribbean on all these subjects", he said.

Mr. Barrow was responding in a statement to an editorial in yesterday's **DAILY NATION**, headlined, "Hoping Bajans Believe Barrow".

The statement said:

"When I decided to visit Guyana to meet with President Hoyte, some of my colleagues pointed out that the purpose of the visit might be mis-interpreted by our political opponents.

"In my judgement, that risk had to be taken in view of the serious nature of the consequences of not doing so, which are nothing less than the potential break-up of CARICOM and the Regional Integration Movement.

"It was, however, with astonishment that I read the strange editorial in **THE NATION** newspaper of January 23. I consider our daily newspapers to be fair-minded, and it would certainly not have crossed my mind that either of them would have put such an interpretation on the initiative which was taken.

"I had thought it was clear to all who wished to understand that we did not go to Guyana to meet with all and sundry, in an attempt to determine whether the elections were free and fair. We did not go to Guyana to lecture the president on the need to pay more attention to human rights.

"We did not go to Guyana to tell them what they should do or not do about their relations with the Roman Catholic Church.

"We went to Guyana to meet with the head of state and appraise him of the serious concern which has been expressed by governments and individuals throughout the Caribbean on all these subjects. We even took with us a book of newspaper clippings to illustrate these points.

"I also offered to mediate in the Venezuela-Guyana border dispute, since the President of Venezuela, Dr. Jaime Lusinchi, has been a friend of mine for over 20 years.

"President Hoyte told us that he had not been aware of the extent of the concern which had been expressed and asked many questions for further clarification.

"President Hoyte thanked us for having brought these matters to his attention, and stated that the government of Guyana will be issuing a statement very shortly clarifying various matters.

"It was this lack of awareness, amongst other factors, which led me to suggest that Guyana should establish a High Commission in Barbados, to maintain closer relations with the entire Eastern Caribbean.

"It is to be hoped — though, of course, there can be no certainty — that the knowledge of the present opinions of many Caribbean people will have some bearing on the future actions of the government of Guyana.

"I hope that all Caribbean people of goodwill will urge upon their leaders the need to sit down and reason with each other frequently. This is the only way in which situations such as the present one may be averted. Meantime, in the words of a popular song, let us "give peace a chance."

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CSO: 3298/314

DLP LEADERS PORTRAY PARTY'S GAINS, CONTRIBUTIONS

Barrow on Succession

Bridgetown SUNDAY SUN in English 26 Jan 86 pp 44

[Article by Albert Brandford]

[Text] ERROL BARROW, president and one of the founders of the Democratic Labour Party (DLP) says he's not appointing a successor.

The DLP, he says, is a party of ideas, not personalities.

"I am not appointing a successor because it is nothing that I can leave in a will for anyone."

Mr. Barrow was speaking at party headquarters, George Street, yesterday during a ceremony to honour the 21 persons who founded the party nearly 31 years ago.

He said when the appropriate time comes and the DLP forms the majority party again there would be no guarantee that he would become the leader of government, since under the constitution, the Governor General calls on the person who in his opinion is best able to command a majority in the House of Assembly.

Only formula

"That is the only formula for future leaders in this country", Mr. Barrow said.

Mr. Barrow was head of government until 1976 when the DLP went out of office and since then there has been speculation that he would step aside and appoint a successor. Among those frequently mentioned are Deputy Leader of the Opposition, Erskine Sandiford, Dr. Richie Haynes and Mr. Branford Taitt.

He said that the DLP does not look to a single leader because every DLP parliamentarian was elected because of his ability to lead the country if called upon to do so.

A lot of people refused to accept the paramountcy of Parliament and the constitution, he said, but all of the parliamentarians in the DLP were more qualified to be Prime Minister than anyone on the government's side.

Confidence in People

Bridgetown SUNDAY SUN in English 26 Jan 86 p 44

[Text]

FORMER DEPUTY PRIME MINISTER Cameron Tudor says the Opposition Democratic Labour Party (DLP) rejects the concept of party paramountcy.

"We accept the concept of the supremacy of the state, but only in the context of the separation of powers and the rule of law as reflected in the independence of the courts to interpret and to apply the law with the evenhanded administration of justice," he said.

Mr. Tudor was speaking yesterday at a ceremony to honour the founders of the DLP.

Paramountcy of the party is a concept espoused by the ruling People's National Congress (PNC) in Guyana.

Reaffirming the principles for which the DLP stands, Mr. Tudor said members of the party accorded sovereignty only to the whole body of citizens of the country and full freedom to all those institutions either permitted by the constitution or not expressly forbidden by the statute law of the country.

"In the light of these principles, we led the country into independence in 1966", he said. "From that time and for ten years until we demitted office, we governed the country in the following way:

"We upheld and defended the principle that the adult citizens of our country have an unchallengeable right to change their governments in elections which are not merely said to be free but are manifestly known to be.

"We asserted, defended and consolidated the right of citizens to possess and to dispose of property lawfully acquired. We upheld their right to work at occupations of their choosing, their right to express their thoughts in speech and writing, their right to assemble peaceably, to create organisations for the protection and furtherance of their economic welfare, their right to proclaim their religious beliefs or none, as best as to them might seem, their right to enjoy and to expand these fundamental rights under lawfully constituted governments or in defiance, within the law, of such governments, if need be".

Mr. Tudor said that whether in or out of government, the DLP judges itself by those publicly proclaimed principles, and would wish to be vigorously opposed and thwarted for even the slightest deviation from any of them.

The DLP, he said, reaffirms its commitment to strengthen constitutional government, to uphold the rule of law, to cleanse the society from the scourges which now beset it and to release the energies of its citizens to encourage them toward their further development as their interests and capacities direct them.

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CSO: 3298/314

ST JOHN AIRS CARICOM PROBLEMS IN SPEECH TO BLP MEETING

FL272328 Bridgetown CANA in English 2136 GMT 27 Jan 86

[By Irvine Reid]

[Excerpts] Bridgetown, 27 Jan (CANA)--Barbados is unhappy with the lack of consultation when Caricom governments devalue their currencies. And Prime Minister Bernard St John says he wants an early meeting of finance ministers to discuss this and the resuscitation of the Caricom Multilateral Clearing Facility (CMCF).

I would be asking the Caricom Secretariat to set about summoning a meeting of ministers of finance to deal with outstanding matters of the CMCF, of the question of the defect in the (Caricom) treaty, which permits devaluations to take place overnight without information or consultation with fellow members and other areas, he told the annual conference of his ruling Barbados Labour Party yesterday.

All attempts to revive the CMCF, a trade credit facility which collapsed in 1983, have failed, while three Caricom states--Trinidad and Tobago the most recent--have devalued their currencies in the last two years.

St John said he was convinced that if Caricom were to persuade a united approach to the United States, the European Community, other nations, and the international financial system about reviving the CMCF and, if we were prepared to guarantee any loans that have been made by these institutions or governments as others have done in other integrated systems, there would be a solution to the resuscitation of CMCF.

The prime minister reported on the outcome of the informal summit in Mustique among heads of government of Barbados, St Lucia, St Vincent and the Grenadines, Dominica, St Kitts and Nevis, Grenada and Guyana.

The meeting was called by St Vincent and the Grenadines Prime Minister James Mitchell to discuss the political situation in Guyana where opposition parties have alleged that last December's general election was rigged--a charge denied by the government.

Caricom trade matters were also raised at the conference. All of us left that consultation with a firm resolution that it is our abundant duty to our people in this area to continue to seek solutions to all of these problems, St John said.

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CSO: 3298/314

ST JOHN SEES GUYANA OPPOSITION GROUP, COMMENTS ON TALKS

Kwayana Remarks

FL272020 Bridgetown CANA in English 1948 GMT 27 Jan 86

[Text] Bridgetown, 27 Jan (CANA)--A Guyana opposition delegation today said Barbados Prime Minister Bernard St John had promised to look at the evidence from both sides of the country's troubled political scene.

The Barbadian leader also said he was open to receiving further representation on the Guyana situation, spokesman for the mission, Eusi Kwayana, told CANA after talks at the prime minister's office lasting more than an hour.

The team from the Patriotic Coalition for Democracy (PCD) is on a tour aimed at briefing Caribbean government, opposition and business leaders about developments in Guyana.

The mission, which includes former Guyana Premier Dr Cheddi Jagan, has accused the government of rigging last December's general election. The Desmond Hoyte administration has denied the charges.

Kwayana said the group gave St John an opposition-prepared document detailing what it felt was wrong with the conduct of the 9 December general elections. We call on Prime Minister St John not only to read it, but to investigate it, Kwayana remarked.

He said the prime minister, among a group of Caribbean leaders who had informal discussions last weekend with President Desmond Hoyte about developments in Guyana, had promised to look at the evidence from both sides.

Delegation members who met St John were Kwayana, leader of the Working People's Alliance; Dr Jagan, who heads the People's Progressive Party; and N. T. Gopaul, general secretary of the National Association of Agricultural, Commercial, and Industrial Employees. Absent was Llwewlyn John, who represents three conservative and centrist parties.

A statement issued by the Barbados Government Information Service quoted St John as saying any matter which formed a disturbance in a Caribbean Community (Caricom) member country that also had the effect of preventing the state from carrying out its obligations under the Caricom treaty was important to other member countries.

He noted that it was in that light that he had received the Guyanese delegation and listened to their position, the Information Service said.

St John also told the Guyanese that he favoured a human rights accord committing Caricom member governments to honouring human rights. The accord was suggested after persistent complaints of human rights violations in some Caricom member countries.

He further noted that he had undertaken to do for the Patriotic Coalition for Democracy what he had promised to do for President Hoyte, that is, to make available to the people of Barbados any media material that was available to him, the Information Service reported.

Jagan Remarks

Bridgetown SUNDAY SUN in English 26 Jan 86 p 44

[Article by Charmaine Massiah]

[Text]

THE CARIBBEAN PEOPLE must make Guyana's freedom, democracy and human rights their concern.

This was stated by Dr. Cheddi Jagan, leader of Guyana's major opposition party, the People's Progressive Party (PPP), from Trinidad yesterday.

Dr. Jagan is accompanied by Eusi Kwayana of the Working People's Alliance (WPA), and Llewellyn John of the People's Democratic Movement.

These parties, along with the National Democratic Front and the Democratic Labour Movement, on January 9 formed a group called the Patriotic Coalition for Democracy.

Dr. Jagan said: "We want the Caribbean people to see the Guyanese problem — the violations of human rights, the denying of free and fair elections — as part of their problem.

"We are part of South America, but culturally we have been linked with the English-speaking Caribbean. We feel we are part and parcel of the Caribbean integration movement and we think that Guyana can play a useful role in solving the problems, not only of the people in Guyana, but in the whole Caribbean, in view of its vast resources, landscape and so on."

The PPP leader said the coalition against the ruling People's National Congress felt the question of democracy and human rights was fundamental to economic development and social progress.

Dr. Jagan said people were saying if the Guyanese elected a communist party, for example, then that would be worst than now.

"But, he said "you have the other principle of self-determination."

He said the coalition upheld the principle of self-determination and of ideological and political pluralismm, and "this is in keeping with the concept that CARICOM serves as a base".

The coalition, which leaves on Monday, will hold a public meeting today at 4:30 p.m., at the Caribbean Conference of Churches.

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ARTICLE EXAMINES HIGHLIGHTS OF NATION'S FOREIGN POLICY

Bridgetown BARBADOS ADVOCATE in English 22 Jan 86 p 2

[Text]

The appointment of a Barbados High Commissioner to Trinidad and Tobago, and the acceptance by the Trinidad Prime Minister, George Chambers, of an invitation to visit Barbados this year were among the highpoints of this country's foreign policy last year.

Sources close to Government said there were other major highlights but the appointment of the High Commissioner and the acceptance of the invitation were seen as significant since they represented a near return to normalcy in relations between the two countries.'

Some of the other major highlights were the appointment of Barbados to one of the Vice-Presidencies of the United Nations General Assembly, the hosting of the Caricom Heads of Government summit in July, a continuation of the struggle to get Belize and Guyana into the Organisation of American States (OAS) and the appointment of a top Civil Servant to the Inter-American Human Rights Commission.

Last year also saw a different man taking over as Foreign Minister, and International Trade being attached to that Ministry.

Senator Nigel Barrow took over from Mr. Louis Tull after a cabinet reshuffle by the Prime Minister Bernard St. John.

High Commissioner

Civil Servant Mr. Walter Burke was appointed High Commissioner to Trinidad and Tobago, ending more than two years of a cold war type relation between the two countries.

Relations has taken a plunge in late 1983 following differences between the two countries over America's "brutal" invasion of Grenada. The differences has led to Tom Adams the then Prime Minister of Barbados asking Mr. Chambers to recall Mr. Basil Pitt the then Trinidadian envoy in Bridgetown.

The row had also widened the rift between the two countries started ever since new credit restrictions in Port-of-Spain had put a damper on Barbadian exports to that country.

Signs of improved relations emerged at the beginning of last year when Adams invited Mr. Chambers here for bilateral discussions which were to centre on trade and the heads of Government summit.

The invitation was accepted but Adams died in March before the trip materialised.

Mr. Chambers who was among regional leaders in Barbados for Adams' funeral, revealed then that there would be an exchange of ambassadors with Barbados.

The Caricom summit which was held at the Sam Lord's Castle was a historic occasion for the country for it brought together all but one of the regional heads of state to discuss important trade and political issues in getting the regional integration movement working.

High class goods

Coinciding with the summit was Carimex, an exhibition of regional manufactured goods, at the Grantley Adams International Airport. This exhibition was held to alert the region about the high class goods and services which were available in the region, and to attract foreign buyers who attended the exhibition.

Although the summit ended on the same optimistic note on which it started, it took a lot of lobbying and the threat of retaliatory action in Barbados' trade policy before all the remaining Caricom states could implement the Nassau Understanding of a 15 per cent duty on non-Caricom imports in an effort to stimulate regional trade.

By January 1 this year Trinidad and Tobago was the only state still to implement the package.

In the regional sphere, Mr. Oliver Jackman became the first person from the English speaking Caribbean to be appointed to the Committee on Human Rights, aimed at promoting the observance of human rights in member states of the Organisation of American States. The appointment was made at a meeting of the Organisation of American States (OAS).

Within the same OAS, Barbados continued to make a strong case to get both Guyana and Belize into the organisation.

The measures included proposals to get the OAS to change its policy of appointing states to that organisation.

Territorial claims have been made on both Belize and Guyana and these have hindered their progress in becoming OAS members.

Territorial claims

Barbados' position outlined at the last major OAS meeting was that this should not be a stumbling block, since the entire Latin American OAS members were involved in one way or the other with territorial claims.

Sources have said that the case appears to be a genuine one and some results were expected.

They added that at the end of 1985, Barbados could feel better than it did a year ago when in the aftermath of the Grenada invasion, there was some damage to the country's international image.

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TRADE DEFICIT FIGURES FOR FIRST 9 MONTHS OF 1985 CITED

Bridgetown BARBADOS ADVOCATE in English 16 Jan 86 p 2

[Text]

Barbados yesterday reported a $347.6 million trade deficit for the first nine months of last year.

The Government's Export Promotion Corporation (EPC) said total exports at September last year stood at $537.2 million while imports for the first nine months of the year were valued at $884.8 million.

For the corresponding period in 1984 total exports were put at $609 million and imports at $992.6 million — a deficit of $383.5 million.

Domestic exports

The EPC said that domestic exports for the first nine months of last year year worth $376 million or 16.8 per cent below 1984's comparable figure of $451.9 million.

It said the decline in domestic exports could be partly attributed to the reductions experienced in machinery and transport equipment, food and live animals, miscellaneous manufactured articles and chemicals.

Machinery and transport equipment exports declined by $30.3 million or 11.5 per cent, dropping from $263.1 million in 1984 to $232.8 million last year.

Declined

Exports of food and live animals declined by $18.1 million from $75.1 million in the January to September 1984 period to $57 million for the same period last year.

The value of miscellaneous manufactured articles declined by $25.6 million during the period under review. Barbados exported $40.1 million worth of these goods last year compared with $65.8 million in 1984. (CANA)

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DIVERSIFICATION IN AGRICULTURE, NEW EXPORTS GAINING

Export Expectations

Bridgetown BARBADOS ADVOCATE in English 17 Jan 86 p 1

[Excerpts] Barbados will from tomorrow begin the exportation of vegetables to Europe, an agricultural industry official has said.

Mr Keith Neblett, general manager of the Agricultural Commodity Trading Company (ACTCO) said yesterday that the first shipment would be made up of yams and sweet potatoes.

The other produce to be shipped this year are sweet peppers, eggplants, and breadfruits. For the first time this year, watermelons and pumpkins will be included in the shipment.

It is also understood that the authorities were hoping to have a number of Chinese vegetables successfully grown in Barbados to be sold on the European market.

Last year the farmers earned in excess of $300,000 for the shipment of vegetables and foodcrops.

The local flag carrier Caribbean Airways has granted concessionary rates to farmers to airlift the vegetables.

Government Program

Bridgetown SUNDAY SUN in English 26 Jan 86 p 3

[Text] Minister of Agriculture, Dr. Richard Cheltenham, on Friday unveiled a package of incentives to revitalise the country's agricultural sector.

Speaking at a meeting of sugar-cane growers at the Barbados Hilton, Dr. Cheltenham said that because of a number of circumstances over which Barbados had little or no control, it was of extreme importance that the integraton between sugar and non-sugar agriculture should be increased.

He emphasised that this integration would have to take place against a background of a "technically efficient" sugar industry. He said that no effort must be spared in the fight to make sugar production economical from the technical and agronomic view-point.

"There can be no successful non-sugar agriculture without an efficient sugar industry because all non-sugar production must revolve around sugarcane. Sugar is the centre-piece and all must revolve around sugar," he said.

Dr. Cheltenham said that one of the immediate emphases of Government in its efforts to improve the viability of the agricultural sector would be to promote further diversification. He disclosed that Government had established a $1 million beef, mutton and livestock revolving fund from which farmers would be able to borrow up to a quarter of a million dollars.

He pointed out that he had been able to persuade the Minister of Finance to provide a further $1 million for next year and possibly the same amount the following year.

Dr. Cheltenham said he hoped that with the new injection into the sub-sector, the beef industry would be able to develop to the extent already achieved by the dairy industry, where at present farmers are producing more milk daily than is being consumed.

The minister disclosed that farmers borrowing from this fund would not have to pay interest during the first three years. The committee looking after this new fund will meet for the first time tomorrow.

Dr. Cheltenham also said that the Agricultural Export Revolving Fund would begin lending shortly. He explained that since the local market was small and easily saturated, it was of extreme importance that efforts be made to capture the overseas markets.

To do this, he added, packing equipment, would have to be acquired as well as money to cover freight, insurance and handling costs. In some instances advanced payments would have to be made to farmers. This fund will provide short-term financing for this purpose and would be administered by the Barbados Marketing Corporation.

More Assistance

Dr. Cheltenham told sugar farmers that Government would continue to offer assistance in cotton, onion and peanut farming, as well as to the exotic flower industry, which he said had much potential in the United States under the Caribbean Basin Initiative (CBI).

He said the Barbados Defence Force (BDF) had been involved in the eradication of wild cotton, which harboured insects that attack cotton, while through certain initiatives, the peanut industry had developed to the extent where by the end of the year 50 percent of the country's needs would be produced at home.

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CENTRAL BANK REPORTS SLIGHT DECLINE IN ECONOMY

FL232244 Bridgetown CANA in English 2206 GMT 23 Jan 86

[Text] Bridgetown, 23 Jan--The Barbados economy contracted slightly during the first three quarters of 1985, with declines in manufacturing and tourist arrivals. Unemployment rose and inflation dropped, the Central Bank said in its report released yesterday.

The decline in real Gross Domestic Product (GDP) was not given, but the Bank said economic output at the end of September was slightly below the 1984 corresponding level of 2.5 per cent.

Manufacturing output fell by more than seven per cent during the nine months, reflecting a substantial 10.8 per cent fall in the third quarter.

The Bank said most of his reduction originated in the electronic components subsectors, where output contracted by more than 33 percent during the third quarter.

"Electronic sales have been badly hit all year long by the slump in the American computer market. Moreover, barriers to trade imposed by Trinidad and Tobago have now forced a 25 percent reduction in output in the garment industry," the Bank said.

During the first nine months of 1985, there was a slight decrease in tourist arrivals. While winter visitors rose 6.2 percent, summer arrivals were down by nearly 13 percent, or five percent below the average for 1981 to 1984.

The Bank said growth in arrivals from Canada (11.5 percent) and the United States (seven percent) prevented a much steeper fall in arrivals.

Visitors from the United Kingdom, down 21 percent, were yet to exploit the weakening trend in the US dollar, the report said. Continuing economic difficulties in many Caribbean Community (Caricom) countries have been contributed to the 16 percent reduction in Caricom visitors, it added.

Non-sugar agriculture did not fare well during the period. Fish catches, adversely affected by the weather conditions earlier in the year, declined by 29 percent during the first nine months of the year.

Crude oil production at the end of September was 8.4 percent higher than last year's. Output to date of 508,600 barrels was the highest ever recorded for a nine-month period, and production for the year could top the 700,000 barrel mark, the Central Bank said.

Sales of natural gas totalled 315.7 million cubic feet, an increase of 6.7 percent over last year's. This represented about 40 percent of total gas available; the remainder was flared. The Barbados Light and Power Company was the National Petroleum Corporation's major customer.

The bank said inflation continued to subside. The average rate of inflation (measured as the increase in the average for September 1984 to September 1985 over the average for the previous 12 months) was 4.5 percent.

The point change in the retail price index between September 1984 and September 1985 was only 3.4 percent. The slow growth in import prices reflects continuing price stability in the markets of Barbados' major trading partners, the report said.

The bank said that with the falling output in the electronics and clothing subsectors, the unemployment rate rose to 19.8 percent from the June 1985 level of 19.3 percent.

Two major local producers of electronic parts closed in August, with a loss of 362 jobs, about 12 percent of the total workforce in the subsector. By the end of the third quarter employment in this area had fallen by one-third from the September 1984 level.

Tourism earnings were estimated to have risen by 4.8 percent, mainly reflecting the strong winter season. The slowdown in arrivals between April and September kept tourism earnings in that period at about the same levels as in 1984.

Net earnings from stores and bunkers, insurance and other invisible exports were also less encouraging, in part a result of the steep increase in interest payments, according to the bank.

The bank said current revenue of 453.1 million dollars (one Bds dollar: 50 cents U.S.) was almost 13 percent above the 1984 total, with sizeable increases recorded for both direct and indirect taxes.

Substantially higher wages and salary payments boosted current expenditure by 16 percent to Bds 447 million dollars. The effect of the last salary increase, together with adjustments resulting from the regarding of some scales, pushed up wage payments by nearly 28 percent.

Spending on goods and services rose by a rapid 17.4 percent though it remains only 17 percent of total current expenditure. Interest payments on government debt were 12 percent higher, mainly as a result of increased indebtedness.

Capital expenditure also grew sharply at 14.5 percent, with most of the rise again coming between July and September. During the quarter there was some increase in spending on housing, community amenities and general rehabilitation of public buildings.

Since total spending by government rose much more quickly than revenue, the fiscal deficit expanded by almost 30 percent to reach 98 million dollars.

Unlike last year, however, finance for the deficit came largely from abroad. In February, a bond placement in Japan secured 40 million dollars and in September 50 million dollars was borrowed from a consortium of banks in the Euro-dollar market.

Inflows of 18 million dollars for project funds were matched by amortization payments of foreign debt of an equal amount. By September the national debt stood at Bds 1,073.5 million dollars, compared to BDS 932.6 million dollars a year earlier.

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GOVERNMENT NOT OPTIMISTIC ABOUT FUTURE OF SUGAR

Bridgetown SUNDAY SUN in English 26 Jan 86 p 3

[Text]

BARBADOS' Minister of Agriculture, Dr. Richard Cheltenham, sees no bright hopes for Barbados' sugar industry on the international arena in the immediate future.

He noted that the decline in the strength of the European currencies, vis-a-vis the United States dollar had resulted in significant reductions in sugar earnings in recent years.

According to Dr. Cheltenham,. despite a slight improvement in the strength of the European currencies in recent months, the immediate future did not hold much hope.

He said that on the United States market Barbados' quota had been cut from 21.3 thousand short tonnes in the 1983-84 period to 12.5 thousand short tonnes in the current period ending at the end of this year. And, the minister said there was nothing now to guarantee that "we will be able to persuade the United States to allow continued access to their market."

However, according to Dr. Cheltenham, there had been some positive advances in the sugar industry in recent years. He recalled that in1982, 23 percent of all cane harvested was burnt, while last year the figure had been reduced to 3.3 percent. He said that while there had been 1 300 cane fires in 1982, there were only 169 fires last year.

Dr. Cheltenham also noted that in 1980 the industry achieved a remarkable feat; 3.4 tonnes of sugar were recovered from every acre of cane harvested.

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BOMB THREAT FAILS TO DETER VISITING UK CRICKETEERS

FL282352 Bridgetown CANA in English 2203 GMT 28 Jan 86

[Excerpts] Bridgetown, 28 Jan (CANA)--The England cricket team had their third net practice in as many days at Kensington Oval today and appeared undaunted by a bomb threat yesterday.

The Englishmen arrived here last Saturday for an 11-week Caribbean tour that has brought strong objections from anti-apartheid groups in the region, protesting against the inclusion of the team of five players who have played and coached in racially divided South Africa.

The England team vacated their dressing room in the Sir Garfield Sober's Pavilion yesterday and went on to the field for a lengthy training and practice session.

Police called in bomb experts to search the stands but nothing was found. Police said two calls were made around 9 a.m. yesterday morning--one to the oval and the other to police headquarters by someone with a foreign accent.

Meantime, the Southern African Liberation Committee (SALC), one of several local organizations opposed to the tour, told CANA that the SALC was not responsible for the bomb threats. The SALC helped organize a small protest demonstration when the tourists arrived Saturday.

Chairman of the SALC, Mike Cummins, said that his committee had, however, planned certain action but was keeping it secret.

We think that the governments of the region have taken a bad decision to allow the five rebels on the team into the country, Cummins said. It is a matter of taking a firm position to exclude these players in the same way we have taken a firm position on excluding our own rebels, he added.

West Indian players who go to South Africa are banned for life.

President of the Barbados Cricket Association Peter Short said the BCA was in constant contact with police on the matter of security. We depend on the police to assist with security at all times and, in light of the present peculiar circumstances, we are now conscious of it this time, Short said.

The police have told us to treat them (bomb threats) with the attention they deserve and we will follow their instructions, he added.

/9274
CSO: 3298/314

PAPER DOUBTS TRINIDAD EXPLANATION FOR DROP IN TRADE

FL061710 Bridgetown CANA in English 1653 GMT 6 Feb 86

[Text] Bridgetown, 6 Feb (CANA)--The Barbados NATION newspaper today said it did not believe Trinidad and Tobago's explanation for a major decline in its purchases from neighbouring Barbados last year.

The paper was commenting on a Port-of-Spain government statement Tuesday to the effect that some TT90.5 million dollars in import licences had been issued there for Barbadian goods in 1985 and 4.5 million dollars so far this year.

Barbados exporters blame Port-of-Spain's controversial import licensing regime for a continuing fall-off in sales to Port-of-Spain--the most lucrative market in the Caribbean Community. But the Trinidad Government said there had been several uncollected licences for Barbados goods, and the reduction in imports from Bridgetown might well be more rooted in the changed economic situation which has resulted in a decline in purchasing power and a significant reduction in the level of total imports.

Said the NATION in its editorial: Somebody has to be fooling around with the Barbados-Trinidad trade issue. The latest disclaimer from Port-of-Spain implicitly blames Barbadian exporters for tardiness in collecting approved licences, thus negating any alleged initiatives to sell their products in the twin-island republic.

Now, that really is just about the most monumental folly for Bajan producers faced with nervous bankers, factory closures and staggering layoffs. We simply do not believe this to be an accurate reflection of the true situation.

It seems more than likely--and this is based on information received not only from Barbadian manufacturers but also from Trinidad business houses--that a policy of deliberate stalling by the Port-of-Spain bureaucracy had such a devastating effect on prospective shippers that they gave up any hope of ever receiving licences at all.

In any case, some had already gone out of business, such was their misplaced dependency on the Trinidad market, and their betrayed trust in the Caricom arrangement.

If the authorities there wished to plead financial hardship among consumers as a more realistic cause, even then they might be partially contradicted by distributors' enthusiasm for Bajan goods. Nobody doubts that Trinidadians have not exactly revelled in cornucopia recently, but being denied their horn-of-plenty was never the same thing as lacking funds for consumer items such as Barbados sought to export there.

Householders don't need millions--not even after devaluation--to buy biscuits and detergents. That devaluation, urged to some extent by the same protectionist lobby that is stifling regional trade, is a voice Mr George Chambers seems impotent to ignore. He might never escape its clutches if the nettle is not grasped promptly.

Neither proffered explanation seems enough to account for a 26.6 million dollar drop in Bajan exports in the first nine months of last year, while imports shot to 92 million dollars.

Trinidad's Ministry of Industry will have to look deeper for acceptable causes, but it may never be able to publish the true facts.

/9274
CSO: 3298/314

BRIEFS

BLP ELECTIONS--Dr Johnny Cheltenham defeated Billie Miller by 24 votes to 13 to become first vice-chairman of the Barbados Labour Party (BLP). Dr. Cheltenham's victory came during the election of officers at the BLP headquarters, Roebuck Street, on Thursday night. In the run-off for the post of second vice-chairman, Miss Miller defeated DeLisle Bradshaw by 22 votes to 17. Mr Bradshaw was then unanimously elected third vice-chairman. Ezra Alleyne was appointed public relations officer and will now be co-opted on the National Executive Committee. The three assistant secretaries elected are Arthur Jordan, Grantley Haynes and Colin Forde. On the previous Sunday Pat Symmonds was elected secretary and Rannie Field treasurer. The old trustees of the party, Sir Mencea Cox, Sir Ronald Mapp and Henry Forde, were re-elected. [Excerpt] [Bridgetown SUNDAY SUN in English 26 Jan 86 p 1] /9274

CSO: 3298/314

IMPORTANT HYDROELECTRIC PROJECT RECEIVES APPROVAL

Santiago EL MERCURIO in Spanish 6 Jan 86 p C-1

[Text] The future Pehuenche power plant, the construction of which was recently approved by the president of the republic at the proposal of the National Energy Commission, has been described by experts from ENDESA [National Electric Power Company, Inc] as "one of the hydroelectric projects at the least cost to the country," from an economic standpoint, because it will make use of much of the infrastructure implemented for Colbun Machicura.

This plant,which will increase the generating capacity of the Central Interconnected System, will go into service after CHILECTRA's [Chilean Electric Company, Ltd] Alfalfal and ENDESA's Canutillar power plants, scheduled to begin generating in 1990 and 1991, respectively. Inasmuch as it will constitute the hydroelectric power plant with the greatest power in the country, its opening will make it possible to adequately cope with the growing demand for energy estimated for the next decade.

This project is located in the basin of the Maule River, in the Seventh Region, upstream of the Colbun-Machicura (490,000 kilowatt) complex, and will have an installed capacity of 500,000 kilowatts, and an average annual generation of approximately 2.7 billion kilowatt hours. It is estimated that the investment, including the interest during the construction, will be about $600 million.

Its construction will start in 1987, and hence it might begin to generate in 1992; ENDESA having already finished several infrastructural works essential for the execution of the project.

Seasonal Regulation

A report prepared by engineer Carlos Andreani Luco, chief of ENDESA's Pehuenche Power Plant project, notes that this is one of the most beneficial generating enterprises to be implemented over the short term, in view of its favorable technical and economic features.

From the technical standpoint, it stresses its suitable location, both for the purpose of joining the Central Interconnected System and for having proper access for its construction and operation.

Also important is the fact that a sizable percentage of its water resources is regulated seasonally in the Maule and La Invernada lagoons; making it possible to transfer surplus volumes of water from spring to summer and fall, the seasons with the least contribution.

In this same connection, it is highly beneficial for the power plant to have the Colbun dam immediately downstream of it; because it is thereby possible to offset the variations in the volume of flow that will be required by the Pehuenche plant's operation during hours of maximum demand.

Pehuenche and Colbun

Carlos Andreani next points out the relationship between the Pehuenche Power Plant and the Colbun-Machicura complex, which is translated into the prior availability of some of the facilities for the mangement and inspection of the construction contracts as well as the future administration and control of the operation in a centralized fashion. This will be done from the Colbun Substation, in the control room of which necessary space has been left for situating the Pehuenche remote control system.

From an economic standpoint, Andreani claims that, in the different evaluations made, Pehuenche has turned out to be one of the projects with the least cost to the country; which is due to the suitable features of the water resources to be used, and the aforementioned utilization of the Colbun-Machicura works.

"In keeping with the benefits offered by this project, ENDESA has carried out its studies and designs until it has virtually completed the basic engineering phase, and is currently executing the structural works required to undertake the construction fittingly."

These preliminary works represent an investment of approximately $3 million, assumed by ENDESA with its own funds, and they are virtually completed. They involve the Armerillo bridge, 170 meters long, over the Maule River; the 110-meter La Junta bridge, over the Melado; a road about 5 kilometers long, which connects these two viaducts; and another road, 2.5 kilometers long, which will afford access to the future construction window for the power plant's common adduction tunnel.

Basically, the Pehuenche power plant consists of an intake which will divert the Maule River's waters toward its southern side and, through a canal and a tunnel, will lead them 7 kilometers to the Melado River, where both channels will be dammed by means of a dam 90 meters tall and 300 meters long at its crest.

2909
CSO: 3348/384

COMBAT HELICOPTER PROTOTYPE TO BE EXHIBITED

Santiago LA NACION in Spanish 18 Jan 86 p 11

[Text] Valparaiso--For the first time since its production was approved, the combat helicopter with a high degree of maneuverability that Chile is equipped to put on the market will be exhibited publicly.

It is the prototype built by the Cardoen Ltd industry, which is fully developed, as LA NACION was told by that company's representative, Raul Montecinos Rosas.

The combat helicopter prototype is based on a model of its own designed by the industry, taking the main features from the traditional machines and adapting them to smaller dimensions, while developing them under conditions of maximum economy, with a full guarantee of a high degree of maneuverability; which will lend it the capacity for military combat activities and operations entailing a stringent flight demand.

Although no further specifications were given, the helicopter can be equipped with offensive weaponry, without losing its features, if the permitted ranges are not exceeded.

Its production is fully under way, and there are well-founded expectations of procuring beneficial purchase contracts, inasmuch as it will be on display at the forthcoming "International Air Fair" that the Chilean Air Force will be opening in March.

When asked about the volume of exports that Cardoen industries has been attaining annually, its representative estimated that, during the past 3 years, they have amounted to $350 million, equalling the sums reached by products as important to the country as fish meal or fruit.

At the present time, the Cardoen equipment is reaching 11 countries, which Raul Montecinos declined to mention, "because there are contractual provisions that prohibit us from publishing the countries and names of the purchasers."

In any event, he said that most of those countries are in the Middle East, some in Africa, and others in Latin America; and they have started penetrating the Asian market, with major opportunities for initiating a stable purchasing power.
2909
CSO: 3348/384

LABOR MINISTER TERMS RAILROAD WORKERS STRIKE 'ILLEGAL'

Bogota EL TIEMPO in Spanish 21 Jan 86 p 13-C

[Article by German Navarrete]

[Text] The railroad unions refused to lift the national strike that they declared Friday against National Railways despite the fact that President Belisario Betancur personally intervened so that they started to receive 569 million pesos in wages and medical benefits yesterday.

A total of 23 members of the executive committee of the national union categorically told the government mediator, deputy minister of labor German Alberto Bula Escobar, that "the strike will definitely not be lifted because the strike is not to just receive 2 weeks' pay but so that the government adopt a serious railroad policy to end the increasing deterioration of the enterprise."

Minister of Labor Jorge Carrillo Rojas warned union leaders that "railway transportation is a public service. Therefore, any paralysis is illegal." He hinted at the possibility of his ministry voiding the legality of the unions and declaring the strike illegal. This would let the enterprise dismiss the strike promoters and the workers who remain on strike without pay.

Bula Escobar told the strike promoters that President Betancur had achieved the following solutions to the financial problems of National Railways by noon yesterday and they were being carried out immediately:

Immediate payment of 160 million pesos for the second half of December;

Attainment of 197 million pesos from the Ministry of Finance to pay all the railway workers next Wednesday and Thursday for the first half of January;

Guarantees from the Ministry of Finance for another 197 million pesos to National Railways so that they are paid for the second half of January on a date not yet stipulated;

Deposit of 10 million pesos in the Railway Social Fund and another 5 million pesos in the Antioquia Social Fund;

Confirmation from the general manager of the National Federation of Coffee Growers, Jorge Cardenas Gutierrez, that the National Coffee Fund will lend

National Railways 1.5 billion pesos in about 20 days to refinance that enterprise; and

Guarantee from PROEXPO [Export Promotion Fund] that National Railways will receive another loan of 1.5 billion pesos to meet its financial needs. This last credit is now being transacted.

Complaints Against Lawyers

The union leaders questioned that the workers would receive their money because 50 lawyers usually immediately attach every peso that comes into National Railways. They said that despite the efforts of President Betancur, "the enterprise's debts to its employees are much larger and a commitment agreed on in October 1985 has still not been met."

The union leaders told the government: "President Betancur should have issued a decree declaring the money allocated for the payment of wages and social benefits to the railway workers unattachable because every time money comes into the enterprise, those who benefit the most are 50 lawyers. They immediately attach the funds. Each one earns between 2 and 3 million pesos because they always win their cases due to nonpayment of benefits to those who have retired." They demanded immediate solution of this problem.

Bula Escobar said that this and other situations that hurt National Railways will be analyzed by the Superior Railway Council that President Betancur will install today to establish the future national railway policy that the government should follow to help that enterprise recover.

Would Lift Strike Today

Edgar Renteria Ramirez, Marco Tulio Espitia Vera, Roberto Gamboa, and 20 other union leaders--with the support of Apecides Alvis from the executive committee of the CTC [Confederation of Colombian Workers]--insisted that the strike will continue "until fulfillment of the government promises is verified."

The union leaders questioned the effectiveness of the refinancing of National Railways with loans from the coffee growers and PROEXPO. "Even if the 1.5 billion pesos from the National Coffee Fund are not attached by the lawyers who have devoted themselves to plundering the enterprise, they do not even cover the 1983 deficit of National Railways which was more than 2 billion pesos. In 1985, the deficit reached 1,489,000,000 pesos."

The deputy minister of labor, German Alberto Bula Escobar, debated with union leaders for 5 hours on the situation of National Railways. He said that President Betancur and his government are determined to prevent the closing of National Railways so they promise to carry out the following:

1) Refusal to allow the enterprise to go under by adopting concrete measures to save it;

2) Immediate action between the government, workers, and enterprise to resolve the crisis of National Railways through the Superior Railway Council installed today;

3) Guarantee of payment of wages for December and January in the form indicated;

4) Allocation of money to the Railway Social Fund and the Antioquia Social Fund to meet the needs of the workers for medicine and medical care;

5) Attainment of 3 billion pesos from the National Coffee Fund and PROEXPO to refinance National Railways. The loans will be "soft" and will act as a "bridge" while a $77 million loan is obtained from the World Bank. The workers will have the opportunity to supervise the allocation and payment of this money; and

6) The Ministry of Labor asks the enterprise to fully investigate the administrative irregularities denounced by the unions and, if necessary, remove the top directors from their posts if they are responsible for misdeeds.

7717
CSO: 3348/399

ANIF PRESENTS PLAN TO GENERATE EMPLOYMENT; UNEMPLOYMENT DATA

Bogota EL TIEMPO in Spanish 20 Jan 86 pp 1-B, 5-B

[Text] Last week ANIF [National Association of Financial Institutions] presented a seven-point plan to generate employment. According to ANIF, "since we are far from the desired goal of full employment, it would be desirable to accelerate the rate of economic activity to absorb a large number of the unemployed. However, there are many problems to overcome, almost all caused by the state itself. These must be eliminated to permit a more fluid operation of the free enterprise system."

The following are the points contained in the plan developed by ANIF to increase employment in the country:

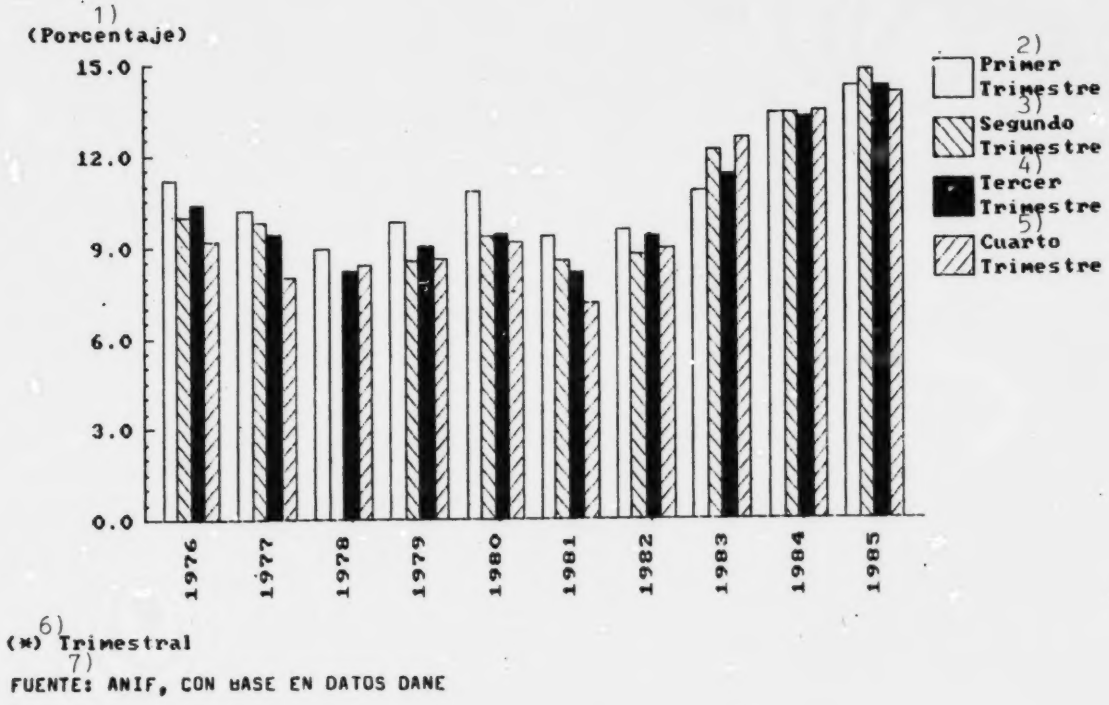
Decrease Cost of Generating Employment

The state and the unions have imposed a number of costs on businesses to benefit the employee. In many cases, they are onerous for the employers. Most of these expenses are for social security and various subsidies. Although they might benefit the workers, they are problems for the enterprises. A decrease in or elimination of these employer contributions (ISS [Social Security Institute], ICBF [Colombian Family Welfare Institute], SENA, Compensation Accounts, Employees Funds, Cooperatives) could be an incentive to generate employment in the sectors that are more labor-intensive.

Establish Differential or Integral Minimum Wage

The legal minimum wage recently increased much more than inflation. This is a step backward in the adjustment program that the country undertook more than a year ago. With the announced curb on the rate of devaluation, there will be a lower price increase for components and raw materials for industry but the relative cost of labor will have more effect on the increase of production costs, thus discouraging the generation of new jobs. Now the cost of hiring labor will be higher compared to the alternative of acquiring capital assets to replace manpower.

This argument leads to the recommendation of a differential minimum wage for those persons who enter the work force, at the same time opening the possibility of reevaluating the current labor system in the country. Another way to



Unemployment Rate in the Four Largest Cities, 1976-1985*

Key:

1. Percentage
2. First quarter
3. Second quarter
4. Third quarter
5. Fourth quarter
6. Quarterly
7. Source: ANIF based on DANE [National Administrative Department of Statistics] data

set the minimum wage is to differentiate it based on the economic situation of the different regions. In the depressed zones and those of less relative development, a lower minimum wage could be established. This would stimulate the creation of new industries, decrease the economic power of the four main cities and prevent a massive migration from the country to these urban centers.

Abolish Retroactivity on Partial Withdrawal of Unemployment Benefits

One of the most burdensome charges for businessses in Colombia is the retroactivity applicable to unemployment benefits. This retroactivity, applicable to all benefits earned by the worker, geometrically increases the labor expenses of the enterprises. They represent loans from the employees to the employers that occasionally produce losses for the enterprises since the retroactivity is even applicable to partial withdrawal demanded by the worker. This increases a liability that does not really exist.

If this absurd law were repeated, the enterprises could have additional resources and incentives to generate employment. ANIF has presented very concrete proposals for this.

Do Not Weaken Macroeconomic Adjustment Plan

The adjustment plan undertaken by the country a little more than a year ago has yielded satisfactory results on the foreign front and good, although not as encouraging, results in cutting back public expenditures. The rate of devaluation was more than 50 percent in 1985. This made it possible to stimulate various minor exports of fuels which grew more than 18 percent, according to INCOMEX [Foreign Trade Institute] records. This has caused officials to think that the work is done and it is time to decrease the devaluation "by leaps and bounds." ANIF feels that the 1986 devaluation goal of 20 percent is not prudent. It should be between 25 percent and 30 percent to give additional impetus to marginal exports that are still not on the market. This stimulus would open the way to new labor-intensive enterprises and would generate additional employment through a price increase, because of devaluation, for imported capital assets. In other words, the development strategy should be oriented toward an "outward" growth model which permits a more efficient allocation of productive resources and exploitation of comparative advantages.

Reorient Public Expenditures Toward Investment

For the last 12 years, the expenditures of the national government have shown a truly alarming trend. While 43.2 centavos of each peso disbursed in 1974 were allocated to the investment sector, this proportion was less than 18 centavos in 1985. In other words, the growing state bureaucracy is absorbing more resources, sacrificing investment as the only element politically susceptible to cuts. The country has stopped carrying out major projects, preferring to leave its management to politicians who squander money on a bureaucracy that is too big for us.

Reorientation of the expense structure toward productive public projects (bridges, equipment for schools and hospitals, construction of more highways, urban renewal, and recovery of land) would effectively generate value added, stimulate the production of goods needed to carry projects out, and absorb a large number of workers, reactivating demand since, as has been said, we are still far from full employment.

Create Tax, Credit Incentives in Less Developed Zones

The adoption of a differential minimum wage is feasible and so is the establishment of exceptions that permit the industrialization of intermediate cities most affected by unemployment. The first step and the most feasible step is to reduce interest rates for the lines of development credit from the Bank of the Republic made through the Industrial Financial Fund and the Private Investment Fund via commercial banks and financial corporations.

The second step and the most important is the establishment of some tax incentives in these zones like the creation of a CAT [Tax Credit Certificate] for

generation of employment. It would permit the businessman to deduct part of the recruiting and training costs from his taxes.

Other Complementary Measures

All the above points show that the generation of new jobs depends almost exclusively on the state. It not only absorbs enormous productive resources and does nothing with them--which translates into an unnecessarily high deficit--but also erects innumerable obstacles in the form of laws and regulations. Only the political will of the legislators and agreement between them and the unions and labor movements will succeed in taking the country out of this serious situation of chronic unemployment.

In addition to the formulas expressed above, ANIF recommends the following: private contracting of general services for the public sector; establishing a state purchasing policy that takes into account domestic production capacity as a way to stimulate national industry; strongly supporting small business with tax, credit, and training incentives; and continuing the policy of austerity in public expenditures as a way to transfer resources to the private sector and financial sector.

7717
CSO: 3348/399

BRIEFS

VATICAN, UN HURRICANE DONATIONS--Havana, 1 Feb (EFE)--Pope John Paul II has sent Cuba a donation of $20,000 to provide some relief for the damage that hurricane Kate inflicted on the country's economy. Following instructions from the Vatican Secretary of State Cardinal Casaroli the apostolic pronuncio in Havana, Monsignor Einaudi, presented the donation to the Cuban authorities. The UN Office for Coordination of Disaster Relief also approved a donation of $30,000 for the same purpose. [Text] [Madrid EFE in Spanish 2118 GMT 1 Feb 86 PA] /9274

CUBA IN FAO AID PACKAGE--The UN Food and Agriculture Organization, FAO, approved an emergency food assistance program for the Philippines, Jamaica, and Cuba. The FAO will provide Nicaragua [as heard] with maize, beans, and oil value at $2 million. The Philippines will receive edible oil and grains. Upon approving Cuba's contribution, the FAO stressed that during the first moments that the population was affected by hurricane Kate, they received food from state resources. FAO's assistance to Cuba consists of edible oil and beans totalling $1.25 million. [Text] [Havana Radio Rebelde Network in Spanish 0000 GMT 1 Feb 86 FL] /9274

CSO: 3248/245

CEREZO CONFIRMS 8 IN CABINET POSTS

Guatemala City PRENSA LIBRE in Spanish 28 Dec 85 p 2

[Text] Only four cabinet ministers remain to be selected by the president-elect of Guatemala, Vinicio Cerezo Arevalo, Christian Democratic Party sources reported yesterday.

They are the ministers of defense, foreign relations, energy and mines, and interior. Several persons have been proposed for the posts, but Cerezo Arevalo has not made a decision yet.

The same sources indicated that Rene de Leon Schlotter would be appointed to the newly created post of development minister; Lizardo Sosa would be named economy minister; Dr Rodolfo Paiz Andrade, finance minister; Dr Eduardo Meyer Maldonado, education minister; Rodolfo Estrada, agriculture minister; Eduardo Goyzueta, communications, transportation and public works minister; Catalina Soberanis, labor and social welfare minister; and Elmar Rene Rojas, the head of the new Culture Ministry.

Cerezo Arevalo said that he is currently talking with representatives of other political parties about a choice for interior minister. "The minister need not be a Christian Democrat," he added.

When asked about the surprising switch involving Rene de Leon Schlotter, who had been mentioned as a possible foreign minister, the president-elect indicated that he was named development minister so as to take advantage of his magnificent international contacts with an eye towards securing technical and financial aid to promote development in all spheres, particularly in rural areas.

8743
CSO: 3248/174

NEW MINISTRIES VIEWED AS 'SUPERFLUOUS'

Guatemala City PRENSA LIBRE in Spanish 28 Dec 85 p 10

[Editorial: "The New Ministries and Administrative Inefficiency"]

[Text] No one should be surprised by the announcement that two new ministries are going to be created. The Development Ministry will be run by Rene de Leon Schlotter, and Elmar Rene Rojas will be in charge of the Culture and Sports Ministry. The former is undoubtedly an experiment that ought to be followed with great interest, while the latter can be viewed only as a consolation prize.

The establishment of two new bureaucratic bodies again raises concern, however, over the excessive growth of government, because such a move seems to be totally at odds with the much touted need to drastically cut government spending. What can seemingly be expected of any government is a firm resolve to spend tax revenues as wisely as possible, because as we know, such revenue always turns out to be inadequate, for all of the familiar reasons, such as the highly developed art of evasion, disorderly collection procedures, a poorly distributed tax burden and others that it would be pointless to repeat.

Fundamentally, however, and in this regard we are merely reiterating previous assertions, we are disturbed by the lack of desire to look into the wasteful spending that the government engages in to maintain so many public sector agencies that do not meet the people's needs. Under the pretext that Guatemala is a primarily agricultural country, we have seen a proliferation of institutions whose mission is to help boost farm output and safeguard natural resources. As we can see, all of them together have achieved neither of these goals. If agriculture has improved and if production is higher today than yesterday, it is due mainly to private enterprise. It is the fruit of hardworking large, medium-sized and small farmers. The former have made use of their own funds and loans from private and state-run banks; the latter have done without loans because banks do not lend to farmers who do not have enough assets to guarantee them. Instead of being the beneficiaries of farm credit, small and peasant farmers seem to be its victims, as we can see from the thousands of auction notices that the Official Gazette publishes monthly.

To say that there is a duplication of effort in government assistance to farming is an understatement; there is overlapping on all sides, as well as

an undeniable squandering of funds. There are several small, autonomous and all-powerful empires in the country, and their performance has been disappointing.

A Development Ministry can be justified only if it can completely replace the current unworkable system. But if it merely becomes another in the hodgepodge of institutions that have shown their uselessness time and again, then the country will have gained nothing.

As far as the Ministry of Culture and Sports is concerned, we can only reiterate previous remarks. It will have to show that it will not out of inertia interfere in areas that properly belong to the Education Ministry and the Autonomous Sports Confederation of Guatemala. A Culture and Sports Ministry is, in plain language, an attempt to centralize athletic activities.

Stemming the impulsiveness of a victorious political party that is about to take office is a difficult task, but we cannot but caution that the swelling of the government bureaucracy runs counter to the goal of putting the government's financial house in order.

8743
CSO: 3248/174

SCHLOTTER COMMENTS ON DUTIES, CRITICISM

Guatemala City PRENSA LIBRE in Spanish 29 Dec 85 p 5

[Text] The creation of two new ministries by the incoming administration will take place under a constitutional mandate and help to prevent a swelling of the bureaucracy, Rene de Leon Schlotter, the next development minister, remarked yesterday.

"The basic mission of my ministry," he said, "will be to plan for the comprehensive development of the country's poorest sectors and to coordinate the activities of government agencies and private foundations to avoid a duplication of effort.

"Initially, we will promote the creation of base communities in all towns, especially in the most remote or inaccessible ones. In the cities these groups will be located in disadvantaged neighborhoods," he added.

In conjunction with existing organizations, such as cooperatives and other social institutions, these groups will set up the municipal development councils that the constitution provides for as the lowest level of the National Council on Urban and Rural Development.

There will also be departmental councils, which will encourage the population to become directly involved in the planning and execution of development projects. In addition, they will provide communities and organizations with all of the funds and services for their own development.

Actually, he remarked, the Development Ministry will consist of a small group that will plan and coordinate the activities that the other ministries will carry out.

Another of the functions of the new ministry will be to systematically guide the work of development institutions such as the Municipal Development Institute, INACOP, Community Development, the National Reconstruction Committee and the National Enterprise for the Economic Promotion and Development of El Peten. "For the first time in Guatemala's history, instead of creating more bureaucracy, we will be bringing in private enterprise, aside from harnessing technical and financial resources from overseas," he added.

In conclusion, De Leon Schlotter said that in spite of what many think, his appointment as development minister is a great honor and a reflection of the total confidence that President-elect Vinicio Cerezo Arevalo has in him, inasmuch as his ministry will be among those with the heaviest responsibilities in the administration.

8743
CSO: 3248/173

HEALTH MINISTER DECLARES WAR ON CORRUPTION

Guatemala City PRENSA LIBRE in Spanish 30 Dec 85 p 3

[Text] "More than 250 professionals took part in developing the national health care plan, which comprises three basic points: a ministerial overhaul, an attack on corruption, and providing hospitals and health care centers with medicine."

This is what Dr Carlos Armando Soto had to say about his program of activities slated to begin on 14 January. Soto is the next minister of public health and social welfare, according to the official announcement by President-elect Vinicio Cerezo.

In giving further details on these points, Soto, who is currently a Christian Democratic member of the constitutional assembly, said that "a ministerial overhaul is needed because the ministry is in complete disarray and there is no communication or links between the various medical and administrative units."

As for the battle that he plans to wage against corruption in the ministry, he indicated that "in many sectors of public health Guatemala has been invaded by this disease, which has become institutionalized to such an extent that we will need the aid of other government bodies to eradicate it."

The third point in his program under the 5-year Cerezo Arevalo administration calls for supplying so-called generic medicines, which he said are less expensive, to the approximately 700 health care centers in the country and to all of our hospitals.

He reported that to this end Guatemala has received $2 million worth of low-cost medicine from the United States for health care posts in the interior. Japan will make a $4 million donation for about 125 health care centers.

Soto Gomez stated that the Cerezo administration, in keeping with its general policy, wants a program to lower the cost of medicine, adding that the ministry would implement such a program when it is developed.

"This program," he said, "will run parallel to the aforementioned donations, so that the Guatemalan people do not suffer because of a lack of so-called generic drugs. Its goals are already outlined in the party's statement of philosophy."

He underscored the importance of preventive medicine in rural areas. "The Christian Democratic Party has set up a primary health care program, which is nothing new but has never been tried before in Guatemala. We will devote our every effort to it in a bid to cut down on the number of sick people who go to hospitals to seek care and who have not yet been attended to."

At another juncture Dr Soto reported that the World Health Organization has indicated about 250 basic drugs that can combat at least 95 percent of all diseases. "There are more than 20,000 unnecessary drugs in Guatemala; this means that the companies that produce them should stop doing so."

He said that the generic drugs would be available first at government health care centers and would later be sold at pharmacies around the country "so that anyone can take advantage of their low price and so that private doctors can prescribe them."

"We will work together with other agencies to improve the nation's environment and to enable our people to take advantage of this improvement," he added in announcing harsh penalties for those who violate public health laws, especially fumigators.

"There are few institutions in Guatemala devoted to safeguarding our fauna and flora, and the ones that exist always come up against insurmountable obstacles, especially when farming areas along the southern coast and other productive regions come under attack."

He recalled his time as a government adviser under General Rios Montt, when a law was drafted to impose drastic penalties on those who harmed the environment. "We got nowhere, however, and the law remained dead letter. But any agency that works in this area will have the backing of the ministry and the government."

He said in conclusion that the ministry has specific programs for oral and mental health, for the handicapped and for others who have never before received proper care, adding that there are many illnesses to be combatted.

8743
CSO: 3248/170

LABOR CALLS ON ARMY TO DISARM EXTREMIST GROUPS

Guatemala City PRENSA LIBRE in Spanish 30 Dec 85 p 2

[Text] The Confederation of Union Unity of Guatemala [CUSG] yesterday issued a communique calling on the army to do its job and insure the safety of citizens and disarm the groups that are terrorizing the population.

"Through the chief of state, the army has taken the first step by respecting the right of Guatemalans to vote. We thus call on it to guarantee the unfettered exercise of economic, political and labor union freedom by getting rid of groups such as the ESA, which want to continue massacring the people," the confederation added.

The CUSG feels that political parties should see to it that man's institutions and values are respected and engage in a constructive opposition vis-a-vis their political adversaries.

"One of the biggest problems facing Guatemalans today is the economic crisis, which has plunged working class families into unprecedented poverty.

The crisis can be surmounted only through an honorable dialogue between employees and employers in an attempt to come up with answers that will benefit all. "A new popularly elected government gives us the right to organize and to put forth our thoughts with complete integrity," the CUSG added.

"The president-elect can count on the cooperation of organized labor in building democracy. Yet, if the government strays from this goal and restricts the people's freedoms and rights, the CUSG will be the first in the vanguard to defend the people."

The CUSG also stresses that the new authorities must give priority to the following issues: unemployment, the high cost of living, higher wages, a currency revaluation, spurring production, just changes in tax laws, the eradication of terrorist groups, and in particular the passage of a law regulating the organization and operations of labor unions.

"Our vote was a vote to halt abuses, and we therefore call on the army to do its job and provide security by disarming the extremist groups that seek to plunge the country into a period of fear and backwardness," labor group indicated in conclusion.

8743
CSO: 3248/170

MEJIA, LOBOS RETIRED FROM MILITARY AMID PRAISE

Guatemala City PRENSA LIBRE in Spanish 14 Jan 86 p 14

[Text] Yesterday, Gen Mejia Victores, who had been head of state until today, declared: "I am proud and gratified at having fulfilled my obligation," upon being given a send-off with honors at the Air Force (FAG) military airport; because he is being retired from the Army, having served for the period of time stipulated by the law establishing the country's armed forces.

Also given the same send-off was Gen Rodolfo Lobos Zamora, who ends his mission as chief of the defense staff today. The two generals voiced their gratification at having spent several years serving the country in the various agencies of the military institution.

Present at the ceremony were Gens Cesar Augusto Caceres, deputy chief of the defense staff; Jaime Hernandez, commander of the Honor Guard and, as of today, defense minister; and Hector Gramajo, commander of the Justo Rufino Barrios headquarters and, as of today, chief of the defense staff; as well as Gen Edilberto Letona, commander of the Marshal Zavala brigade, and the commanders of the various military zones in the interior part of the country. In attendance were troops from the Navy and Air Force and the various military commands.

It was General Caceres Rojas who delivered a speech, citing the vacuum left in the Army by these two officers, Generals Mejia Victores and Lobos Zamora; because (he said) they always managed to carry out the different missions assigned to them with chivalry.

He stressed: "The Army is sorry that they are retiring, and for this reason we are paying tribute to them today with a well-deserved honorary send-off." Whereupon he presented them with a medal and a certificate.

In his remarks, General Mejia said: "I am retiring with pride and gratification, because we feel that the obligation fulfilled has really been an obligation fulfilled, because we have achieved it; it has been difficult for us; we have steeled ourselves. So, on behalf of my family, I thank you for this beautiful ceremony. Take the advice of an old soldier: Our Army will always continue forward in the vanguard position that belongs to it."

General Lobos, for his part, commented: "Today, the Guatemalan people are achieving a genuine democracy, to which the Army has contributed considerably."

He noted: "In the struggle to attain democracy, the Army has played its part, shedding the blood of many of its soldiers and officers."

He explained that both he and some members of his family had received the "caress" of bullets coming from the terrorist groups.

He added: "In the change of command, there was revealed an almost perfect, spotless, electoral process, such as there never has been in history. Nevertheless, the price that we have paid is significant, because many military comrades have preceded us on the path toward infinity. Many mothers have wept for their sons, many wives don't have any explanation to give to their children, because their father no longer comes on leave or a pass.

"How many officers and soldiers are in wheelchairs, knowing that they will never be able to walk? How much grief have we received as compensation for the duty performed? I can say all this with knowledge of the facts, because my boots bear soil from the Las Minas and Merendon mountains, or from any other corner of the country."

In conclusion, General Lobos recalled what he used to tell his soldiers when they were wounded: "My morale is very high, as is my obligation as a soldier. Goodbye, brothers in battle."

2909
CSO: 3248/192

GOVERNMENT SAYS MODEL COMMUNITIES HELPING MANY

Guatemala City PRENSA LIBRE in Spanish 22 Dec 85 p 2

[Text] Development enclaves have benefited more than 5,000 peasant farmer families that had long been neglected, the government's Public Relations Office, which is headed by Ramon Zelada Carrillo, has reported.

The government spokesman told newsmen that these communities provide brighter development prospects for Guatemalan peasant farmer families. They are given housing, technical support, electricity, drinking water and other resources they need to live. He indicated that the families living in the development enclaves are from regions that were under constant attack from subversive groups and were forced to move elsewhere for their own safety.

"The military government of General Mejia," he went on to say, "realizing that these people could not continue to live in impoverished conditions, has supported them in their search for a place in which they can be safe and have the elements that are indispensable to recommencing normal and productive lives."

Zelada recalled that anti-Guatemalan groups overseas had previously criticized these enclaves, calling them concentration camps. On a personal visit here, however, Lord Colville, the viscount of Culross, the special rapporteur of the human rights commission, said in his report that "the only fence that I observed in the enclaves was the one around a vegetable patch to keep out the hogs."

"The towns in question," Zelada added, "are perhaps the most humanitarian projects of the outgoing regime. The foreign ambassadors stationed here have gone to see them and have praised them, because they represent direct support for needy individuals, most of them Indian peasant farmers."

The government spokesman said that these communities did not even use to have access roads. The peasant farmers had to get their produce out on muleback in some cases, but most of the time by lugging it themselves.

"In other words, not one iota of modern technology was available to them. Now that they have roads, electricity and drinking water, they feel that 'a new life has opened up for them,'" Zelada Carrillo said in conclusion.

8743
CSO: 3248/171

BRIEFS

MLN REPUDIATES ORTEGA'S PRESENCE--The National Liberation Movement [MLN] and its top-ranking leader, Mario Sandoval Alarcon, have voiced their complete repudiation of the presence on Guatemalan soil of Daniel Ortega, who represents the puppet Marxist regime of Nicaragua; while at the same time condemning those responsible for his presence in our country. Sandoval Alarcon adds: "We cannot understand how the National Army could give military honors to a guerrilla 'commander' who, besides not having any military rank, has appointed himself president of a fraternal country that is currently the 'second Soviet satellite in America,' and its government the only one responsible for the bloodshed in El Salvador and the deaths of our Army's soldiers and officers. For this reason, I decline the invitation to attend the swearing-in of President Vinicio Cerezo Arevalo; because the mere fact of sharing a roof and such a significant ceremony with Ortega is an offense to freedom. It is incomprehensible that, at the first step that our country is taking toward democracy, the one fostering the destruction of that democracy should be present." Sandoval Alarcon continued: "Ortega himself, with his weakened military complex, should realize the harm that he is causing us by his presence; which resembles more of a Sandinist mockery for those of us who believe that we shall be initiating our legal political existence on 14 January." He concluded by saying: "I hope that the presence of such a sinister individual doesn't represent the new regime's first mistake, which we would have to regret later, and in the near future." [Text] [Guatemala City PRENSA LIBRE in Spanish 12 Jan 86 p 5] 2909

BALSELLS HEADS INDE--Engineer Roberto Balsells Figueroa, former member of the board of directors of the National Institute of Electrification [INDE], under a previous administration, was named by the new government as chairman of that entity. The announcement was made by Vinicio Cerezo Arevalo at a press interview in which he also said that the other INDE officials would be disclosed during the second half of January. The institute's new constituent law stipulates that, in addition to the chairman, this entity will be headed by a vice-chairman and seven deputy general managers for the various departments comprising the institute. [Text] [Guatemala City PRENSA LIBRE in Spanish 11 Jan 86 p 4] 2909

CULTURE MINISTER ON DUTIES, PLANS--"We have been a kind of parasite culturally, because we accept anything that comes to us from outside and, as a result, we are wearing garb without the national identity that belongs to us," declared

architect Elmar Rene Rojas, minister of culture and sports in the next government, speaking yesterday. Rojas was interviewed to learn about the most important features of the new ministry. He said that it would absorb the offices operating in that same area, but that they have not been coordinated. "At the present time, we are making the table of organization, but I can say that the fine arts sections and the major areas of anthropology, sports, etc., will be participating. The entire team at our disposal will be comprised of the research units, and the country's cultural policies will be created. We also require communications, to convey the cultural message to all Guatemalans, so that we may start acquiring an awareness of our nationalism. We must clearly realize what we are, be proud of being Guatemalans, and redeem not only the product of Guatemalans, but also the person himself; and not just on the artistic levels, but rather essentially on that of what people have done in the past, and what we shall do in the future, based on the concept of culture, regaining the experience of those who have preceded us. We shall take into consideration, for example, areas such as that related to natural medicine, arts and crafts, folklore, behavior and manners and the style of the Guatemalan person, which is what we intend to preserve, because at the present time, 'Guatemala is not wearing the dress that it should have.'" As for human behavior, he remarked: "I cannot stand observing a Mateo Flores serving as a caddy on a golf course used by wealthy gentlemen. We must lend him dignity, as must be done with all assets. There is no mark in the culture, for we have taken international patterns. We have become cultural parasites. We have received everything from outside, whereas, even on national levels, we are people who have won a Nobel Prize." In conclusion, he noted that television channel 5 (of the Army), the national broadcasting network TGW, and all the state news media will become part of the Ministry of Culture. [Text] [Guatemala City PRENSA LIBRE in Spanish 11 Jan 86 p 4] 2909

TEACHERS DEMAND DIRECT NEGOTIATIONS--The National Teachers Council, which staged an unsuccessful strike for a 100 quetzal basic teachers salary, yesterday issued another communique in which it asserted that it does not recognize the current education authorities and that it would not return to normal teaching duties as long as the current military government is in office. It is recommending that teachers return to normal activity on 14 January when a civilian government takes over in Guatemala. The council also called on principals and supervisors not to give in to the current authorities, who at the "last minute" appointed their own relatives. Over the first 13 days of 1986 teachers will merely register students to point up the problems created by the automatic promotion ordered by the current minister, Aracely Samayoa, whom the National Teachers Council declared a "persona non grata to the nation's teachers." In yesterday's communique the council indicates that it has begun talks with President-elect Vinicio Cerezo and that he has offered to act favorably on its requests. [Text] [Guatemala City PRENSA LIBRE in Spanish 29 Dec 85 p 2] 8743

ORGANIZING COMMITTEES CANCELLED--Seven political party organizing committees were disbanded in 1985 because they failed to meet the requirements set forth in the existing political organizations laws, election authorities have reported. Among the parties that were left on the sidelines were the United Revolutionary Front, Democratic Action, the Democratic Revolutionary Union, the Democratic National Coordinator, the 20 October Movement, the Humanist Movement of Democratic Integration, and the Populist Movement. Their disqualification was based on the provisions of Article 44 of Decree-Law 32-83 as promulgated by the regime of Gen Efrain Rios Montt some months after taking power. Other committees are reportedly in the process of meeting the same requirements; they still have a few months left to establish themselves as political parties. [Text] [Guatemala City PRENSA LIBRE in Spanish 28 Dec 85 p 31] 8743

NEW MINISTRIES EXPAND BUREAUCRACY--"The creation of new bureaucracies shows a lack of familiarity with Guatemala's real situation, as the country is not in a position to spend more money," political leader Lionel Sisniega Otero said yesterday in reference to the ministries that the new administration will establish. "Vinicio Cerezo apparently intends to create the ministries of development and culture and sports. This will mean three further increases in budgetary outlays, at a time when we Guatemalans ought to be tightening our belts," he added. "Our country is not in a position to conduct experiments that will add to the widespread and painful poverty besetting Guatemalans." The celebrations scheduled for the Third Central American Games in January of next year are also a waste of money, Sisniega Otero asserted. As far as the appointment of the new ministers is concerned, the political leader said that this is one of the powers of the new chief executive and that Guatemalans can only hope that they discharge their duties in their respective posts. [Text] [Guatemala City PRENSA LIBRE in Spanish 29 Dec 85 p 2] 8743

MASS FIRINGS DENIED--Christian Democrat Congressman Dario Acuna Alvarado, who is being mentioned as the new comptroller, reaffirmed yesterday that Vinicio Cerezo's administration would not order massive firings or dismiss any government employee without just cause. Contacted over the telephone at his home, the new Christian Democrat congressman said that in accordance with the philosophy of the comptroller's office, "we want each civil servant to excel, to receive higher pay and to serve the public better." "We will endeavor," he went on to say, "to banish the corruption and abuse of power that have plagued previous administrations, done great harm to the Treasury and to the people and created horrible situations." Acuna Alvarado is currently a member of the National Constitutional Assembly and of the Guatemalan Christian Democratic party bloc and has been mentioned as the new head of the comptroller's office, a post that he has held once before. When questioned about the rumors, he asked that the matter be raised with him on another occasion "because at this time we are working on the government programs that will start up when Mr Cerezo Arevalo takes office." [Text] [Guatemala City PRENSA LIBRE in Spanish 29 Dec 85 p 2] 8743

UNEMPLOYMENT HITS 1.2 MILLION--According to data furnished by labor leaders, 1.2 million Guatemalans are without jobs at the moment, one of the saddest situations in the country's history. The secretary of the National Federation of Guatemalan Workers, Ismael Barrios, said that while joblessness is on the rise, the cost of living is climbing as well, making it impossible for thousands of families to enjoy decent living conditions. He emphasized the need to seek solutions to both problems by taking sound and realistic financial measures, based on the conviction that Guatemala's basic problems are economic. "The Guatemalan labor movement," he added, "has been viewing the increase in unemployment with great concern as it hits unprecedented levels. Unless the next administration pursues realistic programs, the problem will remain out of control." [Text] [Guatemala City PRENSA LIBRE in Spanish 30 Dec 85 p 16] 8743

'POLITICAL OPPORTUNISM' SCORED--"The incoming Christian Democratic (DC) administration must not put up with the political opportunism of traditional leaders who are now trying to get on the Christian Democrats' good side to reap personal benefits," Ramiro de Leon Carpio, a former vice presidential candidate and secretary general of the National Center Union Party (UCN), stated yesterday. "All domestic political sectors ought to be given a role to play in a pluralist democracy," he added, "but this should not be construed as giving cushy jobs or privileges to shady political leaders who are always looking out for their own welfare. The people are realizing," he noted, "that these sorts of individuals, who previously attacked the Christian Democrats, are now trying to curry favor with DC leaders. They are not furthering political pluralism; they are merely after good jobs in the incoming administration. I appeal once again to the DC leaders," De Leon Carpio said in conclusion, "to say no to these individuals with a shady past, whom the people would like to forget about because of their dubious record." [Text] [Guatemala City PRENSA LIBRE in Spanish 20 Dec 85 p 6] 8743

CSO: 3248/171

BRIEFS

HOYTE WAR ON DRUGS--Georgetown, 7 Feb (CANA)--Guyana President Desmond Hoyte has called on Police here to declare an all-out war against drug abuse and narcotics trafficking. Addressing more than 120 senior police officers yesterday, he said comprehensive measures must be taken to deal with those who committed such crimes. Said Mr Hoyte: "There is one area that has been causing the public a great deal of concern, and that is the virtual state of anarchy that prevails in our streets. We have witnessed in our country, in the past few years, a most disturbing development. I refer to the traffic in drugs, which has resulted in an increase in the incidence of drug abuse, particularly among young persons. "The suppression of this traffic in drugs must be a major priority. There can be no doubt about the evil nature of this trade, and of the enormous social and economic damage it brings in its wake. We have to wage a merciless war against those criminals who engage in this devilish business." Mr Hoyte gave no statistics or evidence of the gravity of the problem, but called on the Police to move speedily to bring to justice all those who trafficked in drugs. [Text] [Port-of-Spain TRINIDAD GUARDIAN in English 8 Feb 86 p 5] /9274

CSO: 3298/322

VILLANUEVA ON NATIONALISM, MIRAGE PURCHASES

Lima EL COMERCIO in Spanish 11 Jan 86 p B 7

[Text] Paris, 10 Jan (DPA)--Peru's nationalist policy does not affect the interests of the capitalist world, according to Armando Villanueva, secretary general of the Peruvian Aprista Party (government party), today. He is in Paris on a private visit.

Villanueva, also chairman of the Defense Commission of the Peruvian Senate, just spent 13 days in the USSR. He was invited there by the Committee for Solidarity with the Latin American Peoples.

Villanueva arrived in Paris on Saturday and has not had any official contact during his stay.

Villanueva defined the government of President Alan Garcia as a government of workers and peasants. He said relations between his country and the United States are very good.

Peru decided not to use more than 10 percent of its export revenue to pay its foreign debt and has just imposed new conditions on the U.S. oil and copper companies in its territory.

Villanueva said that the government respects and encourages U.S. investments as long as they do not hurt national interests.

As to payment of the debt, he revealed that Peru recognizes its obligation to pay the debt but asks its creditors to understand that it cannot pay under the original conditions that were agreed on.

The Peruvian politician reaffirmed the determination of President Garcia's government to amend the agreement with France to purchase 26 Mirage combat planes.

7717
CSO: 3348/381

BELAUNDE CRITICIZES CURRENT OIL POLICY

Lima EL COMERCIO in Spanish 13 Jan 86 p A 5

[Text] Former president Fernando Belaunde criticized the government's oil policy and felt that a new conflict had begun in Peru with the cancelation of the oil contracts of three U.S. enterprises.

He called the government's decision to cancel the contracts of Occidental Petroleum, Belco Petroleum, and the Oxi-Bridas Consortium a mistake.

He maintained that the government exchanged oil contract terms that were intended to attract foreign investment for others that are less advantageous for the country.

Occidental Profited

He added that Occidental Petroleum profited since it was granted Lot 36 that was to be distributed among several companies.

He recalled that Occidental repeatedly asked the previous government for that lot but did not achieve its objective. He noted: "But this government has made things very easy for it."

The former president spoke out during the last plenary meeting of Popular Action, a meeting that was held in private at Belaunde's request.

Rupture of Relations with Belco

Belaunde also spoke out against the rupture of all trade relations with Belco Petroleum. He called this a harsh action against one company "that has almost been absorbed by another more powerful company."

He warned that this situation will have serious consequences for the country because there was no constitutional problem with Belco. He stated that there is no comparison with what happened with the IPC [International Petroleum Company].

He said: "Whatever is taken from Belco will have to be paid for, whether in oil or in installments. I don't think capital should go from the poor country to the rich but vice versa."

Since a national enterprise will replace Belco, he demanded strict supervision by the controlling organizations of the money to be invested by the new Peruvian company.

Belaunde observed that at least $75 million will be in the hands of the Peruvian firm in the next 6 months. He said it should be carefully supervised.

He emphasized: "There must be close supervision as with Popular Cooperation, an organization with a very complex bookkeeping system."

Reduction of Taxes

The Popular Action leader also stated that the reduction of the tax on oil enterprises from 68 percent to 41 percent passed by his government was applied to reinvestment programs.

He added that this has been questioned but it always existed in different sectors such as agriculture and energy. It was not an unpaid tax.

He objected to the change of the distribution of 50 percent because, in his opinion, there will be less revenue for the state.

He said that things have worsened with this system. The position is demagogic and seems to have been taken with the desire to hurt the previous regime.

Former president Belaunde will travel to the United States next Wednesday to give a series of lectures at different universities. He plans to return in March.

7717
CSO: 3348/381

PETROPERU TO OPERATE FORMER BELCO OFFSHORE PLATFORMS

Lima EL COMERCIO in Spanish 28 Dec 85 p A-7

[Text] Until yesterday, Belco Petroleum Corporation of Peru exploited three lots off the coast of the departments of Piura and Tumbes. However, President Alan Garcia officially announced that Belco will no longer operate in Peru.

The general manager of Belco, Dante La Gatta, avoided journalists yesterday. Belco had just announced to the Peruvian Government its decision to leave Peru. It came to our country on 9 January 1959.

That company extracted between 25,000 and 28,000 barrels per day of crude oil from the continental shelf. According to the president, it did not accept the new rules proposed by the Peruvian Government for investment, exploration, and exploitation of oil.

Once the document turning over the fixed assets of that enterprise is signed and they are appraised, PETROPERU [State Petroleum Agency] will be in charge of all the operations in the three lots that Belco exploited.

According to President Garcia, PETROPERU is capable of operating that entire complex made up essentially of 111 marine platforms to extract oil. This is an expensive and technically complicated method but, according to PETROPERU spokesmen, it has the technical ability to manage these installations. Belco also has a land field in the Negritos zone.

License Voided

Belco's operating license was voided since that enterprise did not make a flexible and reasonable counterproposal to the new requirements for oil investment.

The majority of Belco's workers and employees were provided by subcontractors so there will not be a major labor problem. Belco directly employs a small number of professionals, mostly from the United States, according to sources tied to that enterprise.

With Belco's assets going to PETROPERU, it will become the top oil producer in the country. It also has a monopoly in refining.

The Supreme Court of the Republic will soon appoint a group of independent appraisers to appraise Belco's assets so that the government can make the necessary payments.

Lots Being Exploited

Lot Z-1A that Belco exploited is located opposite Tumbes. The contract for oil operations was signed on 20 September 1971 and renegotiated on 11 July 1980. Belco was associated with the Union Oil Company of Peru for this exploitation. It covers 206,702.54 hectares.

The second lot is Z-2A located opposite Piura. The operating contract was signed on 13 August 1973. It was renegotiated under a new basic agreement on 2 May 1982. It covers 207,339.16 hectares.

The third lot, Z-28, is also opposite Piura. It went into operation through D.S. 001-82 EM/DGH on 15 January 1982. It covers an area of 339,537.15 hectares.

7717
CSO: 3348/346

LEGISLATIVE DECREE SETS BASES FOR TAX RESTRUCTURING

Lima EL NACIONAL in Spanish 2 Jan 86 p 12

[Text] The tax system in effect until July 1985 was considered incapable of fulfilling the objectives for which it was created. The new Aprista Government immediately appointed a committee to reorganize it. In addition to the temporary measures taken between August and October, it now issues Legislative Decree 362 that lays the bases for the improvement of the national tax policy.

The changes cover the structure of progressive collection and direct taxes (specifically the income and estate tax). Among the measures that will attract the most attention from the taxpayers is the complete elimination of the tax on remuneration for personal services, a measure that strives to achieve greater equity in income taxes for natural persons based on their taxpaying capability.

As a complement to the elimination of this tax, called a "blind" tax because of its indiscriminate application on all income levels, the income tax scale will be restructured in order to tax people with higher incomes more and benefit the needier classes.

Also in order to help people who have family dependents, the deduction for each dependent increases from 1 UIT to 1-1/2 UIT.

Thus, for example, a person with a gross monthly income of 4,500 intis and three family dependents (wife and two children) who paid 2.69 percent of that income before will now only pay 0.36 percent. The tax is completely eliminated for people with the same number of dependents whose gross monthly income totaled 2,500 intis. On the other hand, people with the same number of dependents who have a gross monthly income that reaches 15,000 intis, for example, will have their taxes increased from 11.5 percent to 12.1 percent.

Limit Evasion

Some enterprises have been improperly using deductions permitted by law to reduce their taxes. In order to fight that evasion, the government has adopted the following measure, among others: limitation of the deduction for

expenses not tied to the development of the enterprise such as vehicle, gasoline, public relations expenses, etc.

It also established some accounting measures to fight tax evasion. However, this is not the only type of evasion. The enterprises used the so-called incentives for reinvestment to reduce their taxes. These incentives also had negative collateral effects like:

High tax cost without the assurance that the investments would not have been made without the incentives;

No evidence that the objectives of development for which they were established have been fulfilled;

Limited absorption of manpower since these incentives favor the installation of enterprises with intensive capital assets;

Concentrating income effect derived from the elimination of tax progression, benefiting those that have high incomes; and

Serious problems of tax evasion and fraud due to difficulty in supervision.

All these effects have caused the economic group led by Dr Luis Alva Castro to opt for the complete elimination of those tax incentives related to the reinvestment of profits.

In order not to affect the enterprises by this elimination, the income tax rates that fluctuated between 30 percent and 55 percent have been reduced to between 20 percent and 40 percent.

Reorientation of Incentives

Following the government guidelines dictated by President Alan Garcia Perez, the productive sectors declared a priority could not be ignored. Therefore, the reorganization has considered, among other things, the complete exoneration of the income tax on agricultural-livestock activities (including agroindustry) and fish for human consumption throughout the country. The complete exoneration of this tax for industries located in the jungle and border zones also continues. However, in view of the need to develop tax awareness while respecting the developmental reasons for tax exoneration in the jungle, it was necessary to tax the rest of the activities in that region at 50 percent of the income tax. Tax collection based on this measure will be allocated wholly to the development of priority activities in the same region.

Job Development

One of the main objectives of all the measures indicated above is the attraction or greater use of manpower. For example, with the elimination of the incentive for reinvestment in fixed assets (machinery, equipment, etc.), the cost of manpower will be reduced. With the elimination of the Tax on Remunerations, personnel costs will go down. The reorganization does not eliminate the incentives in effect for generation of productive employment in

manufacturing and small mining or CERTEM [Certificate of Tax Reimbursement for Employment]. Giving incentives to fishing for human consumption and agriculture will benefit activities that are intensive in unskilled labor.

Support to Local Governments

About 40 taxes administered by the central government make its supervisory work difficult. That is why the economic team has decided to eliminate those with lower collections and, continuing with the decentralizing policy imposed by the president of the republic, has decided to transfer eight major taxes that can be adapted to municipal administration. They include taxes on: inheritance of automotive vehicles, airplanes, and recreational boats; gambling casinos, bingo, prizes and lotteries, bets and horse race purses; and prizes won through commercial promotions, among others. Another aspect that favors local governments is modification of the rates of the Tax on Farm Inheritance which taxes farms of greater value at a higher rate.

This measure increases direct pressure on those who have greater assets. The municipalities are granted those resources that they were demanding from the central government, giving them greater economic autonomy that will even reach the most distant municipalities.

7717
CSO: 3348/346

EMERGENCY AID SOUGHT FOR FISHING INDUSTRY

Lima EL COMERCIO in Spanish 11 Jan 86 p A 5

[Text] The president of the Peruvian Association of Fishing Boat Owners, Pedro Carranza, proposed yesterday that the fishing sector be declared in a state of emergency in order to save the current fishing fleet and to create a new fleet to catch fish for direct consumption and industrial processing.

He made this request to the Senate Fishing and Hunting Commission headed by Esteban Ampuero Oyarce (APRA [American Popular Revolutionary Alliance]). Carranza explained the serious problems which the sector must deal with in order to progress and supply the people with fishing products.

The situation facing the sector was explained during the meeting with that commission. It was revealed that there are only 140 ships left of the 1,500 in that sector. These must be remodeled and receive regular maintenance; they need repairs and nets.

He said: "The current ones are completely obsolete."

The nine-point request that he presented, in the name of the association, to senator Ampuero Oyarce includes increasing prices 10 percent per ton all along the coast by PESCAPERU [State Fishmeal and Fish Oil Production Agency]. It also includes having PESCAPERU transfer parts and unused nets to the shipowners as part of what it owes them.

They also request a reduction in the price of the gas and oil they use from 15,500 to 13,000 soles, the acquisition of nets at preferential prices or a one-time customs exemption as well as other incentives for the acquisition of parts.

7717
CSO: 3348/381

CENTROMIN SALES HIT RECORD LOW IN 1985

Lima EL COMERCIO in Spanish 12 Jan 86 p F 4

[Text] In 1985, CENTROMIN [Central Peruvian Mining Enterprise] sales totaled $380 million, yielding the lowest sales revenue in the history of the enterprise.

The chairman of the board of that enterprise, engineer Victor Raul Eyzaguirre, reported this in a message commemorating the 11th anniversary of CENTROMIN.

He indicated that our positive situation as a polymetallic producer permits us to mine several important basic and precious metals. Sales of silver of high purity represent between 36 percent and 51 percent of our revenue.

He added that we produced close to 25 million ounces of this metal in 1985 at an average price of $6.10 per ounce. This does not compare very well with $8.14 per ounce obtained in 1984 and $11.40 per ounce in 1983.

The drop in revenue for silver alone was about $110 million between 1983 and 1985.

He noted that this is why we try so hard to increase our production as much as possible, especially of silver, insuring the timely fulfillment of our delivery commitments. This will confirm our credit status in international financial circles.

Our economic limitations do not just stem from the low prices, but are also tied to human resources because of wages.

This factor has grown in recent years from an equivalent of $9.6 million in 1976 to an estimated $50 million in the year that just ended. In other words, it has grown 600 percent while our revenue decreased 30 percent.

Direct remunerations increased to $54 million with noticeable increases in indirect benefits, especially for manual workers.

Due to technological developments, we face a gradual replacement of metals. Plastics in optic fibers, the elimination of lead in gasoline, the development

of the ceramic industry, etc., eliminate competitive possibilities for traditional metals.

According to the chairman of the board of CENTROMIN, the response to this situation must be greater management flexibility in order to get into more profitable activities with greater value added.

He said that it is also urgent to analyze our cost structure so that its growth does not exceed the real possibilities of the enterprise.

With this line of action and philosophy, we are eliminating massive projects and going back to those that mature quickly with high profitability and a short period of reimbursement.

He emphasized that our internal bureaucracy will become more efficient, our efforts to implant austerity based on the reality of Peru will continue, and morality through solidarity and example will continue to be our direction.

7717
CSO: 3348/381

FISHMEAL SALES TO IRAN, YUGOSLAVIA

Lima EL COMERCIO in Spanish 13 Jan 86 p A 8

[Text] PESCAPERU [State Fishmeal and Fish Oil Production Agency] has obtained record prices of $285 and $300 per metric ton for fishmeal that it sells in foreign markets.

This announcement was made by the president of PESCAPERU, Fernando Chaparro Tejada. He revealed that these prices were obtained in new international markets like Iran and Yugoslavia.

He stated that sales to those two countries were made government to government, without intermediaries. These achievements by that state enterprise are the result of its new dynamics.

He also maintained that, at the recent meeting of fishmeal producers, PESCAPERU was praised for advances in processing anchovy meal for direct human consumption.

It was also reported that a sales agreement was reached with Iran at the end of December. The Government Trading Corporation in Iran will buy all the fishmeal that the Peruvian enterprise offers.

In the sale to Yugoslavia, the price is $300 per metric ton with an initial volume of 20,000 tons.

7717
CSO: 3348/381

FAVORABLE TRADE BALANCE WITH JAPAN IN 1985

Lima EL COMERCIO in Spanish 18 Jan 86 p A-13

[Text] During the period from January to September of 1985, the trade balance between Peru and Japan was in Peru's favor to the tune of $156.3 million.

Customs Statistics

During that period of time, according to Japanese customs statistics put together by Jetro, the official Japanese Foreign Trade Organization, Peru sold Japan products worth $260.7 million and purchased goods and services from that country worth $104.4 million.

In 1984, Peruvian sales to Japan totaled $407.34 million and purchases on that market amounted to $160.1 million.

Consequently, Peru's surplus that year was $247.2 million.

Mineral Exports

During the 9-month period (January to September) of 1985, metal minerals constituted the most important category of Peruvian exports, worth $112.3 million. Zinc and iron were of greatest significance, totaling $40.4 million and $26.1 million respectively.

They were followed by lead, with $25.8 million, and copper, with $19.3 million.

It is interesting to note that Peru is Japan's main supplier of lead, followed by Australia and Canada. Peru is the second-ranking exporter of zinc, led by Australia and followed by Canada.

Our country is the second supplier of silver, led by Mexico and trailed by the United States.

Increasing Textile Exports

Among manufactured products, textile exports continued to increase for the second consecutive year (60.8 percent compared with the same period in 1984), with a total of $8.2 million.

This increase reveals that the Japanese market is accessible to nontraditional exports of textile products from Peru, especially alpaca and cotton.

Concerning imports, one can say that during the same period studied, Peru imported goods from Japan worth $104.4 million.

The greatest percentage of imports falls into the category of heavy industry in general, mainly machinery and equipment, worth $63.5 million.

Of that amount, $27 million correspond to transportation equipment and $19.4 million to electric machinery. Iron and steel products represent some $15.4 million.

Another category of imports include products from light industry such as textiles ($5.1 million) and rubber products, including automobile tires ($4.1 million).

11,464
CSO: 3348/411

PLANNING INSTITUTE: 5,7 PERCENT INCREASE IN GDP

Lima EL COMERCIO in Spanish 19 Jan 86 p F-12

[Text] The National Planning Institute (INP) has just made public the announcements made by high Executive Branch officials to the effect that 1986 will be the year of the "great leap" or expansion. These announcements are contained in the so-called "Economic-Financial Program," which is now being discussed by government officials and university professors.

Some analysts view the predictions as optimistic, while others call them moderate, for they establish goals for increasing the gross domestic product (GDP) by 5 and 7 percent in two phases. In the private sector, estimates are between 2.5 and 3 percent, optimistically speaking.

Closest Figure

The figure of 5 percent would appear to be the closest due to the fact that in 1984, the last figure given was 4.7 percent and something similar is expected in 1985. Because of delays in the supply of information from economists and government agencies, one has to work with provisional figures, which is not suitable for the time being.

What are the central elements in the planning of the INP, an institution that returns to the forefront after many years of struggle?

In documents being circulated, the rate of exchange is assumed to be frozen and not only until June, but until December. Inflation will be on the order of 17 percent, with major growth in nominal and real wages (31.1 and 12.5 percent respectively) and a loss of exchange parity of -4.3 percent. The effective rate of interest at the close of the period will be about 19.4 percent.

With an economy in recession, it may be easy to increase the product by 1 or 2 points, considering the idle installed capacity and the potential of nontraditional exports in agriculture and specific advanced industrial activities.

Decisive Decisions

However, specific decisions are as yet unknown, such as the financial reorganization of export enterprises in difficulty and the result of talks between production ministries and businessmen aimed at strengthening a psychological climate favorable to a stable exchange rate.

Some commentators believe that this is not the fundamental concern, inasmuch as the program is based on growth in public investment (13.9 compared with -8.9 percent in 1985).

If concerted planning is the aim, as the head of the Institute said in an interview, then these matters must soon be approached.

Private sectors have demonstrated strikingly little interest in the work of the INP, forgetting that this organization enjoyed preeminence in the 1960's.

We would recommend that businessmen read the interesting book by British economist Fitzgerald on economic-financial management during that period.

Modifying Structure of Imports

Another important aspect is that for INP officials, the revival will come about through a modification in the structure of imports, although there would be an increase (to $2.07 billion).

At the present time, imports are at their lowest point in recent history due to the recession ($1.86 billion in 1985) and despite this fact, purchases of raw materials and capital goods continue.

INP predictions include a drop in the entry of consumer goods (from $255 million to $185 million). This view is labeled optimistic by INP observers.

Obviously, wide-ranging explanations are needed from INP officials, as well as debates in open, independent forums.

Regarding exports, a realistic figure would be $2.99 billion, compared with $2,960,100,000 in 1985.

But there are other opinions. The most recent stimulation of demand is considered to have had unexpected effects on the supply of food and inflation, whose control is -- or should be -- the main goal of the economic team.

Persons not involved with daily administration maintain that the partisans of an accelerated expansion of demand were reportedly "cooled off" by the new drop at the beginning of the year.

Consequently, suggesting a "warming up" without anticipating the supply has reportedly been discarded.

By way of additional information, we might note that the growth rate of the GDP is very low in terms of our needs.

Between 1978 and 1984, we regressed to our per capita product of 20 years ago. Paradoxically enough, it is impossible to grow through monetary expansion because we would then see a resurgence of the inflation so laboriously contained.

In conclusion, the original proposal of a selective recovery based on viable enterprises is reportedly gaining ground. The minister of industry's plan of financial reorganization would be one of the tools. There would clearly then be restrictions on gaining entry into that exclusive revival club.

11,464
CSO: 3348/411

BRIEFS

1985 CAJAMARQUILLA REFINING FIGURES--The Cajamarquilla zinc refinery produced over 93,000 metric tons of refined zinc in 1985, which figure represents a new production record, according to MINEROPERU [Peruvian State Mining Enterprise]. The company also indicated that there was a real increase in production at the different units and that in the case of Cajamarquilla, zinc production amounted to 93,587 metric tons. In addition, the refinery produced 273 metric tons of refined cadmium, 170,206 metric tons of sulfuric acid, 12,772 metric tons of Pb/Ag residue and 1,692 metric tons of copper cement. [Text] [Lima EL COMERCIO in Spanish 18 Jan 86 p A-6] 11,464

PRICE CONTROLS ON CORN--Hard, yellow corn produced along the coast and in the mountains was included in the list of basic food products and components subject to price controls. The list also covered any kind of corn used for poultry and farm purposes imported by the National Enterprise for Industrial Marketing (ENCI). These provisions are contained in Supreme Decree 124-85-AG, published yesterday in the official daily EL PERU. [Text] [Lima EL COMERCIO in Spanish 18 Jan 86 p A-6] 11,464

PETROPERU ENERGY SAVINGS--The National Energy Conservation Center is studying a project to conserve energy and use alternatives in the national production sector that would save the country $130 million a year. According to PETROPERU [State Petroleum Agency], the agency which administers the center, the program will include rationalized use of energy and the gradual replacement of oil by other more economical types of fuel. In order to apply the plan, PETROPERU said that 190 industrial enterprises have already been chosen to participate. There will first be a study of the energy situation of each of the industrial plants in question, for which purpose special hearings will be conducted. In the opinion of officials in charge of the project, the goal of saving $130 million will be achieved within 5 to 6 years, through a series of technical, economic, legal and administrative activities that will be properly planned. PETROPERU also noted that studies done by the Ministry of Energy and Mining show that many industrial plants over 10 years old are no longer profitable because of the higher cost of energy based on oil. Consequently, there is considerable economic justification for investments in existing plants aimed at achieving more efficient use of energy and a more economic operation, resulting in greater competitiveness. The project to conserve energy and use alternatives is designed to cover a wide range of industrial processes on the national level, the oil company said. Based on its features and scope, officials added, it is a good alternative for a more suitable and efficient use of our energy resources, especially those which are not renewable and which are of the greatest commercial value: oil and gas. [Text] [Lima EL COMERCIO in Spanish 19 Jan 86 p A-11] 11,464

SECOND PIPELINE DEPENDS ON EXPLORATION--The state news agency reported that, according to the agreements reached with Occidental, it will invest $267 million in two exploratory investment programs that have a bank guarantee. The new investment will be made in Lots 1-A, 1-B, and 36. President Alan Garcia said that if Occidental does not find oil, it will be at its own risk. If it does find it, it will fulfill two conditions. PETROPERU [State Petroleum Agency] can have up to 50 percent participation in the extraction of the oil discovered. Also Occidental Petroleum promises to construct a pipeline. The black gold owned by PETROPERU will be transported for free by that pipeline. Lot 36 is near Brazil, next to the lot where the British-Dutch company Shell found gas some time ago. The discovery of oil and construction of a pipeline would strengthen the entire zone. This pipeline would start in Ucayali Department, climb the Andes through Pasco Department or Huanuco, and then descend to Lima Department to a coastal port. President Alan Garcia recently indicated that Shell has invested $135 million in exploration so far and has plans to invest another $100 million. It has only found gas but continues to search for oil. [Text] [Lima EL NACIONAL in Spanish 2 Jan 86 p 4] 7717

PSYCHIATRIST SAYS POPULACE DEMORALIZED--Terrorism, kidnappings, the economic crisis, and lack of protection of the people are causing psychological disorders, depression, and tension in the entire population now. In the opinion of Dr Arturo Vera, director of the Romanet Medical Center, these problems are causing psychiatric problems for the different social levels that must be treated scientifically. He indicated that the majority of the population feels unprotected and does not have complete confidence in those responsible for the safety of society. This causes the people to arm themselves, protect their houses with grilles, hire private policemen, and lock themselves in their houses to avoid being kidnapped or attacked by criminals or terrorists. [Text] [Lima EL NACIONAL in Spanish 3 Jan 86 p 15] 7717

DEPUTY DEMANDS PROVISIONAL GOVERNMENT--In tacit disagreement with the official method of fighting terrorist violence in the central mountains, Alberto Valencia Cardenas, the Aprista deputy for Ayacucho, yesterday demanded the formation of a provisional regional government to plan actions for economic and social development. He added that this would end the current neglect of Ayacucho, Apurimac, and Huancavelica. When interviewed, he said the formation of that regional government has been requested by civic leaders of the department he represents. The congressman, currently first secretary of the lower chamber, stated: "All the sectors in Ayacucho have expressed the need for a provisional regional government in the emergency zone. It must combine the economy and the efforts of the three departments since we have suffered from neglect by the central government for many years." He cited the Mantaro Hydroelectric Powerplant as one example of this neglect. It generates 50 percent of the energy for Lima and even goes as far as Toquepala 700 kilometers away. Ayacucho, which is 150 kilometers away, does not receive that energy, according to Valencia. In open disagreement with the actions designed and executed by the current regime, the Aprista congressman stated: "We have been ignored by all the governments. One of the reasons for the spread of terrorism is the age-old neglect of Ayacucho. Now they try to solve this problem by creating, in Lima of all places, a Peace Commission." He felt that it is a "praiseworthy" effort but, unfortunately, the Peace Commission is made up by sociologists "who talk about the problem. However, they have never heard the whistle of a bullet going by as we have." [Text] [Lima EL NACIONAL in Spanish 2 Jan 86 p 4] 7717

JAPANESE LITERACY ASSISTANCE--The Japanese Government yesterday donated 50 million yen (equivalent to approximately $250,000) to Peru. It will be allocated to the National Literacy Plan of the Ministry of Education. The Japanese donation was formalized in a document signed in the Palacio de Torre Tagle by the minister of foreign relations, Allan Wagner Tizon, and by the Japanese ambassador to Peru, Tadatsuna Yabu. The donation will be used to purchase audiovisual equipment for the production of television and radio programs which will be broadcast in areas where there is a high percentage of adult illiterates. Closed circuits will be used in those areas to broadcast programs on the state radio and television network. The Ministry of Education estimates that, with this aid and government efforts, approximately 170,000 persons will benefit from the literacy and post-literacy programs in the coming years. The Japanese aid is part of the Basic Scientific and Technical Cooperation Agreement between the two countries. It will strengthen the productive function of the educational programs of the Audiovisual Center for Literacy. The Japanese ambassador was happy about signing this important document which ratifies Peruvian-Japanese friendship which has lasted for more than a century. He indicated that this is the first agreement signed in 1986 and, coincidentally, the first since he has been in Peru. Foreign Minister Wagner pointed out the importance of the donation since, according to him, it will improve socio-cultural integration in the country. [Text] [Lima EL COMERCIO in Spanish 11 Jan 86 p A 4] 7717

CSO: 3348/381

U.S. WORLDWIDE 'INTERFERENCE' LINKED TO TERRORISM

Castries CRUSADER in English 11 Jan 86 p 2

/Editorial: "Two Cheers for Terrorism"/

/Text/ One cannot endorse terrorism but one can explain it. The horror of the civilised world when innocent lives are lost through the actions of terrorists is justified. But the numbness of the civilised world when hundreds of blacks are slaughtered in South Africa is an inexplicable horror in itself. The bombing of a Mental Hospital in Grenada during the Invasion of that island by U.S. troops is no less an act of savagery than the incidents at the Airports in Rome and Vienna.

Somehow the Third World must find a way of combating the tyranny of the media. The morality of a particular action depends too much on the projection of the media. The Caribbean had a vivid taste of the tyranny of the media during the grim days of the Grenada Invasion when the United States pulled out all stops to manipulate public opinion into regarding the illegal act of Invasion as a Mission of Mercy by a friendly Super-power. That very act of manipulation of the minds of poor semi-literate people in the Caribbean with the full technological blitz of television, radio and the Print media in an orchestrated campaign of deception is itself an act of terrorism. It is as lethal to destroy the mind of a nation as it is to maim and destroy the bodies of its nationals.

When the moral values of a people are consciously subverted in this way it must be regarded with serious concern. This concern must be heightened when the Leaders of the Caribbean in the persons of the late Tom Adams, John Compton and Eugenia Charles are unashamedly used by outside forces to violate international laws of SOVEREIGNTY in the name of Democracy. The International Laws on Sovereignty are even more sacred than the Conventions against acts of Terrorism. They are certainly more fundamental to the concept of International Peace, and the wanton violation of these tenets of International Law opens the sluice-gates to the activities of terrorists.

No self-respecting nation must subject its people and their mores to the convenient logic of super-power hegemony. Small states especially must be protected from

the opportunism of Super- power might by the adherence to the International Laws which are designed to preserve the peace of the world. We cannot flout such laws with impunity and expect the rest of the world to bow down meekly to these violations. In some curious crazy logic Terrorism has become the Third World's answer to the leviathan that knows no law.

The squalid episode of the U.S. manoeuvres in Nicaragua has removed any legitimacy which President Reagan had in mobilising world opinion against acts of terrorism. In this self- appointed role as the guardian of peace in the world he has infringed the very rules which protect that peace. His eccentric and esoteric interpretation of the concept of democracy has been used repeatedly to interfere in the internal affairs of Sovereign States the world over whether it is in Lebanon, Grenada or Nicaragua.

After many years of upholding and supporting the Somoza dictatorship in Nicaragua the United States was suddenly confronted with the reckless determination of a people committed to the liberation of their country. In 1979 the Sandinistas were able to remove the dictatorship by consistent guerrilla activity and general warfare. The task of reconstruction was immense and the efforts of the Sandinistas were undermined by terrorists funded and supported by the United States claiming that the revolutionary process in Nicaragua did not conform to the requirements of Democracy. The Sandinistas in an effort to placate international opinion called elections and President Ortega was elected by an overwhelming vote. President Reagan claimed to be unimpressed with the authenticity of the poll and continues to finance terrorist known as CONTRAS to fight against the Sandinista Government. So far the many lives lost in the jungle of Nicaragua through the efforts of these Contras do not excite the imagination of the media as much as individual terrorist acts around the capitals of the world.

Terrorism must be regarded as carbuncles on the world body politic and as such they are uncomfortable, irritating and dangerous. But they are symptomatic of a deeper pollution in the blood stream of the world. They indicate that the system is not healthy and needs purification. One does not solve the problem by simply cutting out the carbuncle but by purifying the blood system. The acts of terrorist highlight areas of conflict which cry out for the arbitration and attention of the world. Often the solution to such problems are tied up with the vested interest of large nations or the geo-politics of Superpowers and it is these irritating and apparently irrational acts of violence which are calculated to force solutions from intransigent and self-interested powers.

In the meantime while the bombs explode the Palestinians are still without a home and subjected to the horrors of their homelessness. The Irish remain divided. The South African Blacks suffer the inhumanity of a perverse Apartheid System... and LEVIATHAN REIGNS.

/12851
CSO: 3298/308

LITTLE KNOWN OF INQUIRY UNDER WAY ON POLICE COMMISSIONER

Castries THE VOICE in English 15 Jan 86 p 1

[Text]

AN official inquiry into the affairs of Police Commissioner, Cuthbert Phillips is now underway. It opened Monday behind closed doors in the High Court Chamber in Castries.

No details have yet emerged from the sessions and THE VOICE understands that they may last up to a week.

Phillips one of the most qualified Commissioners in the region, has been on leave since early last year and there has been a cloud of doubt over him continuing as Police Commissioner ever since the start of his vacation.

It has been frequently rumoured that Government has been dissatisfied with the Commissioner's performance in office. Those rumours have been denied by Cabinet Secretary, Victor Girard and Phillips himself.

Throughout the months of public speculation over Mr. Phillips' future, there has been no official Statement on the matter.

Rumours of government's displeasure with the conduct of the Commissioner gained wider currency during the so-called 'Yamaha Affair' in late 1984 and early 1985 in which it was alleged that there were a number of police irregularities.

Phillips was appointed Commissioner in late 1982 and has been very outspoken on questions of a disciplined Force and the need to induct intelligent recruits into the ranks.

Since Phillip's leave, Andrew Frederick has been heading the Force in an acting capacity. Frederick has repeatedly remained non committal when asked about the Phillips affair by THE VOICE.

Mr. Phillips, who joined the Force as a Cadet Officer and rapidly scaled the promotion ladder, has been the subject of an intensive investigation for some time, THE VOICE was told, following complaints of alleged wrong doings made against him including some by other policemen.

During the investigation conducted by Deputy Director of Finance Norman Etienne he has been on extended leave. THE VOICE understands that along the way he has been advised by the authorities to resign his post, but has refused to do so claiming innocence of the charges that have hurled at him.

THE VOICE understands that Mr. Phillip's protracted leave and the resultant inquiry has created deep divisions in the Force, where he still commands considerable support, undermining the image of the Force and the morale of policemen as well.

In the inquiry now underway to determine where he should be formally charged, Mr. Phillips is being represented by barrister Kenneth Monplaisir, who yesterday declined to speak to THE VOICE about the proceedings, saying he did not want to prejudice what was taking place.

/12851
CSO: 3298/308

PLP ORGAN CITES OPPOSITION EFFORTS TOWARD UNITY

Castries CRUSADER in English 18 Jan 86 p 2

/Editorial: "In Search of Unity"/

/Text/ It is generally accepted in St. Lucia that there must be some consolidation of the Opposition Forces if the ruling United Workers Party is to be knocked from its perch. There is not much public appetite for savouring another term of Compton's blind-man's buff (or is it bluff?) but on the other hand the Devil that you know is preferable to the one that you don't know! And any makeshift Opposition package designed solely to cash in on the Government's poor public rating could take some stick from a media and an establishment that is hostile to all change.

On the eve of a long-awaited Congress of the Progressive Labour Party it is encouraging to note that the main theme of the Congress is UNITE FOR CHANGE. At a Pre-Congress Press Conference the Leader of the Progressive Labour Party stressed the point that the Unity envisaged is not only a union of the estranged elements of the PLP itself by an across-the-board Unity while will unite St. Lucians across the artificial barriers of Party affiliation forging a strong national front against the many regional and international problems which hamper the development of St. Lucia.

This is undoubtedly a bold concept and given the historic jousting of the Parties in St. Lucian politics it seems unlikely that the United Workers Party adherents will lie meekly in a lion-and-lamb cosiness with the Labourites who have fought them for the better part of twenty years and defeated them roundly in 1979. Even the fusion of the two strands of the Labour Party which fell apart in 1981 seem almost too much to hope for with the SLP Leader in search of an inside track in St. Lucian politics and the PLP Leader no doubt feeling that his track-record and experience speaks for itself and should brook no opposition at this stage.

While the scenario looks complicated there are factors which throw a shadow of relief on the landscape. One is the fact that the Leader of the United Workers Party has virtually come to the

end of his tether both in terms of his own acceptance of the fact that he has run his course in terms of finding solutions to the knotty problems of economic growth, and also in terms of his own personal hankering after a less rigid and demanding life-style. Of course there are those who claim that the UWP Leader has no persona away from the rough-and-tumble of political life. They argue that his personality feeds on the power and perversion of politics and any divorce from this milieu would leave him toodisoriented to survive as an integrated member of the St. Lucian Community. They cite the fact that he was anything but gracious after his 1979 defeat and developed a bitterness and a hatred which gave him the animus to wreak his revenge in a comeback effort.

The demise of the UWP Leader also creates a serious problem for the UWP in that the succession is anything but clear. The Leader ensured that he always stood head-and-shoulder above all his colleagues and brooked no challenge to his dominance. In effect the United Workers Party always looked like a One-Man-And-His-Dogs operation leaving the public no alternative choice in conceiving of a possible alternative Leader. Some political observers hold the view that the United Workers Party cannot survive the demise of its Leader since there is no serious rallying-point or personality focus within the Party. The upshot of all this is that Compton's demise might possibly open the way for the National Unity which has eluded the nation so far, the absence of which the Prime Minister complains so consistently about these days.

One of the disservices that the UWP Leader has done to St. Lucian politics is the introduction of men-of-straw into the political life of the island with the simple objective of having around pliable persons who could offer no challenge to his leadership. As tactically good as that might appear within a Macchiavellian context it has resulted in a number of non-descript persons occupying offices which they are ill-equipped to serve leaving the country itself desperately short in terms of efficiency and productivity. Even within the machinery of the United Workers Party itself there is some soul-searching going on about the suitability of the Attorney General to hold the position which he at present occupies and his general acceptance as a candidate for the Party. Another name is actively being canvassed in the constituency. Oddly enough the Attorney General is not the worst example of square pegs in round holes in the Government but the focus on him underlines the nature of the problem.

The concept of National Unity envisages a rationalisation of the resources of the country and one of the central problems of Small Third World Mini-states is to find an identity between the man who could muster the local vote and the man who has the technical skill and competence to run a Ministry efficiently. The United Workers Party in its candidate selection concentrated exclusively on finding winning candidates with absolutely no regard for the question of efficiency in running the Government or manning specific portfolios. The legacy St. Lucia has reaped for this kind of opportunism is gross inefficiency and mismanagement at a time

when it is crucial to maximise the efficiency and performance of the economy.

The search for National Unity should result in finding the best material to shine out in reconstructing our battered economy and putting an end to the irregularities that plague the country. The interest in this weekend's PLP Congress will turn on whether it can set the mood for a National re-thinking and bypass the petty partisanship and self-seeking which has paralysed our country and impeded any serious national thrust.

The test is to find out whether it is really possible at this juncture for St. Lucians to UNITE FOR CHANGE.

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CSO: 3298/308

COMPTON COMMENTS ON ISSUES OF CARIBBEAN UNITY

Port-of-Spain TRINIDAD GUARDIAN in English 21 Jan 86 p 5

[Unsigned article: "Compton Favours Regional Court; Cool on Federation"]

[Text]

BRIDGETOWN, Jan. 20, Cana — SAINT LUCIAN Prime Minister John Compton supports the establishment of a Court of Appeal for the Caribbean Community (Caricom), but is cool toward the idea of a regional Parliament.

In a newspaper interview published here yesterday, Mr. Compton said Caricom States should give very, very serious consideration to the proposal for a unified Appeals Court.

"It will be one further step along the road to West Indian unity. We should focus our minds on the administration of justice, so that we have one common court, one common set of rules, and one set of judges to whom we can turn for the resolution of our difficulties," Mr. Compton, a lawyer, said.

The final Court of Appeal for most Caricom nations is Britain's Privy Council.

But the "Sunday Sun" newspaper said the Saint Lucian leader, speaking in New York, was less than enthusiastic about proposals for a Caribbean Parliament.

Mr. Compton said while he thought the idea should be studied, he was fearful that some politicians would use the Parliament as a platform to attack each other and promote discord in the region.

"Although I support the concept of a West Indian Federation, I don't know if a Caribbean (Parliament) would take us any further.."

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CSO: 3298/308

PUBLIC OPINION ON GOVERNMENT, CONGRESSIONAL PERFORMANCE

Leaders' Management, Popularity Polled

Montevideo BUSQUEDA in Spanish 3 Jan 86 p 32

[Text] At the end of 1985, the polls taken for BUSQUEDA by the firm Associated Consultant Teams brought as a result a gradual, steady decline in the popularity indexes evoked by Congress, business owners, the executive branch's administration and the three principal political leaders: Julio Sanguinetti, Wilson Ferreira, and Liber Seregni.

Nevertheless, there is one exception: During the three surveys conducted between November and December of the popularity of the labor unions in the capital, their image improved. No figures are available on the opinion gleaned at the beginning of the year, and hence it is impossible to establish a trend over a longer period.

Congress and the Executive Branch

In June, 51 percent of Montevideans approved of the legislative branch's management, while 30 percent expressed neutrality. Only 6 percent disapproved of the congressional administration. The net result for the popularity of its management (which originates from a subtraction of the disapprovals from the approvals) was very high at that time: 45. However, at the year's end (a survey taken during the 4 weeks preceding Tuesday, 24 December), the net result of congress' popularity continued to be positive; but there was a decline to 9; at that time, 33 percent approved of its mangement, 34 percent expressed neutrality ("neither approving or disapproving") and 24 percent disapproved of it. The most abrupt drop for the congressional management took place between the first and second survey ordered by BUSQUEDA (June and July).

Meanwhile, the government administration of Sanguinetti (and we are not referring here to the president's personal popularity, but rather to the opinion of his governmental action) experienced a similar process. His net result is always lower than that of Congress. This is so because, whereas the Montevidean will always find his political sector represented in Congress, which prompts him to weigh his judgment, the presidency is exercised by a person who represents one party and one specific sector within that party.

Up until July, the capital residents showed a positive net result for the president's administration. Later, the net judgement became negative; in other words, there were more Montevideans who disapproved of Sanguinetti's management than there were approving of it.

The relatively great clout that the Front members have in the capital, if compared with what they have in the interior, largely explains the result that Sanguinetti's administration receives in Montevideo for 1985.

The Three Leaders

The only one of the three principal political leaders to retain a net result for popularity that is positive is Seregni, leader of the left. In December, whereas 43 percent of Montevideans said that they had "great sympathy" or "sympathy" for him, 37 percent expressed "antipathy" or "great antipathy"; while 13 percent claimed to be neutral, and 8 percent had no opinion.

Although it has been negative since October, Sanguinetti's net personal popularity result improved between November and December. At the beginning of the year, Montevideans gave a very wide margin of positive popularity to the president; but, at the end of the year, the result is negative (-1). In December, his ratings are as follows: 40 percent, "sympathy" or "great sympathy"; 41 percent, "antipathy" or "great antipathy"; 13 percent expressing neutrality; and 6 percent "don't know" or have "no answer."

But for some exceptions found in November, during the entire year the public in Montevideo consistently considered the president's personal image better than his administration as head of the executive branch. In other words, people express more sympathy for Sanguinetti personally than for the action that he has taken as head of the government.

The Blanco leader, Ferreira Aldunate, for his part, shows a net popularity result lower than that of the three considered. The capital residents' overall judgment of him personally declined abruptly between October and December: from -2 to -16. Ferreira had a positive net popularity result up until June. In December, however, 32 percent of the capital residents claimed to have "great sympathy" or "sympathy" for him; 48 percent had "great antipathy" or "antipathy" for him; 14 percent expressed neutrality ("neither sympathy nor antipathy"); and 7 percent had no opinion.

From the beginning of the year until July, the decline in the three leaders' popularity was severe and even. After that month, Seregni's appeared more stable, whereas that of Sanguinetti and Ferreira Aldunate showed marked ups and downs (see graph).

Apart from the consideration of some cyclical variations, the leader's high degree of prestige at the beginning of the year is explained by the euphoria following the political openness; while the subsequent decline is a result of the erosion inherent in government or opposition action: The "honeymoon" between the politicians and the public, or the period of initial credit, has ended.

Trade Unions and Business Owners

Based on the three surveys taken by "Teams"during November and December, regarding the opinion of the performance of trade unions and business owners, the former's image is positive and heightening, while that of the latter is markedly negative and declining.

In comparison with other countries, the Uruguayan usually shows little sympathy for business owners. For example, in December only 20 percent of Montevideans claimed to have "sympathy" or "great sympathy" for them, whereas 42 percent said that they felt "antipathy" or "great antipathy."

The net result of public opinion in Montevideo regarding business owners is, therefore, -22, in December. On 19 November, that result was -9, and at the end of that month, it was -18.

On the other hand, the image of the trade unions is positive and, moreover, has improved between November and December. The events at the PIT [Interunion Workers Plenary]-CNT [National Convention of Workers] congress appear not to have had a negative effect on the federation's image; but rather, on the contrary, may have improved it.

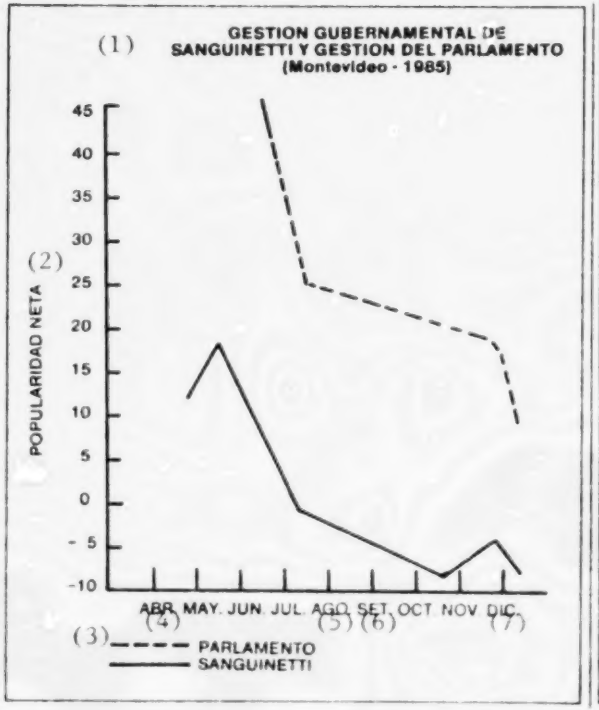
In December, 35 percent of the Montevideans interviewed claimed to have "sympathy" or "great sympathy" for the unions, while 26 percent felt "antipathy" or "great antipathy" for them; which makes a favorable net result of 19. That result was 12 on 19 November, and 15 a week later.

Note: The firm Associated Consultant Teams will not take public opinion polls during January; and hence BUSQUEDA will offer again its usual records (on popularity of business owners and trade unions, Congress, the president, and political leaders , as well as on the expectations of inflation and the progress of the economy), during February.

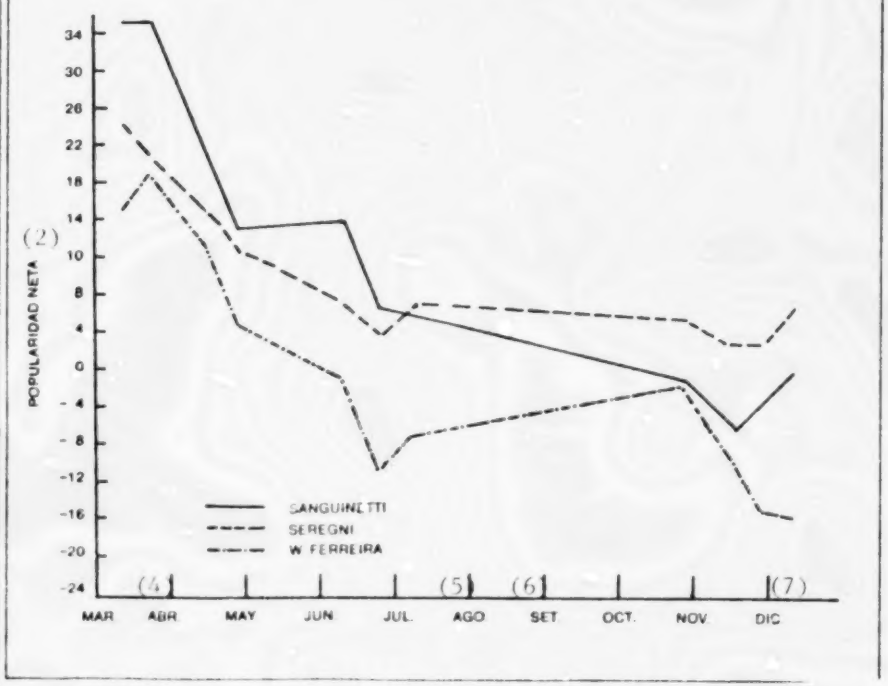
Key to Graphs:

1. Government management of Sanguinetti and management of Congress
2. Net popularity
3. Congress
4. Apr
5. Aug
6. Sep
7. Dec
8. Popularity of Sanguinetti, Ferreira and Seregni

(1) GESTION GUBERNAMENTAL DE SANGUINETTI Y GESTION DEL PARLAMENTO
(Montevideo - 1985)



(8) POPULARIDAD DE SANGUINETTI, FERREIRA Y SEREGNI
(Montevideo - 1985)



Sanguinetti Rated Above Congress

Montevideo EL DIA in Spanish 2 Jan 86 p 5

[Text] According to a poll taken by Gallup Uruguay, President Julio Maria Sanguinetti received a better grade than Congress in 1985.

In a sampling taken in Salto, Rivera, Rocha and Tacuarembo, on the occasion of the presidential visits to those cities, 36 percent of those interviewed rated Sanguinetti's government performance "very good," while only 11 percent applied the same description to the work of Congress.

The meager 11 percent that considered Congress' performance "very good" was headed by sympathizers of the Colorado Party (14 percent), while only 11 percent of the Blancos and a mere 3 percent of the Broad Front members gave that rating; despite the fact that the combined congressmen from both opposition groups have a majority in the Chambers of Deputies and Senators.

In response to the question as to how they would rate Sanguinetti and Congress "if they had to give them a grade, as in school," those interviewed in these four cities answered:

Sanguinetti: very good, 36 percent; good, 41 percent; fair, 18 percent; poor, 2 percent; very poor, 1 percent; no opinion, 1 percent.

Congress: very good, 11 percent; good, 41 percent; fair, 31 percent; poor, 2 percent; very poor, 2 percent; no opinion, 13 percent.

Eighty-seven percent of the same individuals interviewed approved of the president's trips to the interior as "useful." The figure included 97 percent of the Colorados polled, 79 percent of the Blancos; and 70 percent of the Broad Front members; and 12 percent claimed that they are not useful, while 2 percent declined to answer.

Fifty-nine percent said that unemployment and lack of job sources constitute the country's main problem. They were followed, as the most serious problems in the opinion of those interviewed, by the low wage level (33 percent) and the foreign debt (27 percent).

Views on Tax Increase, Distribution

Montevideo EL DIA in Spanish 2 Jan 86 p 6

[Text] Over a third of the population refuses to contribute a single peso in new taxes to increase government appropriations for health and education, and nearly another third would only agree to pay less than 50 new pesos per month for those purposes, according to the disclosures from a poll by Gallup Uruguay.

The polling of 1,500 persons in Montevideo and other cities in which 60 percent of Uruguay's urban population resides indicated that, although there is a

favorable opinion toward improving the funds for health and education, the majority are opposed to accepting new taxes for the purpose of ensuring such funds.

The sampling was made by Gallup at a time when the national budget bill for the 5-year period 1985-89 was undergoing its final phases. Its deficit was increased 60 percent by the combined majority of the National Party and the Broad Front in Congress, by raising appropriations especially for health and education. The government and the Colorado Party were opposed, claiming that, to prevent an uncontrolled rise in inflation, it would be necessary to establish new taxes to cover the additional appropriations.

The results of the poll indicated the unpopularity of taxes that must be established to finance the increase in the budget approved by the Blancos and Broad Front members.

When each one interviewed was asked how he would distribute public spending, the responses were: health, 28 percent; education, 25; retirement fund, 20; housing, 10; development, 10; and national defense, 7.

But when they were asked how much each would contribute in new taxes monthly, to cover increased appropriations for health and education, the responses were:

Nothing, 35 percent; 50 new pesos or less, 31 percent; 51 to 100, 18 percent; 101 to 200, 7 percent; 201 to 300, 4 percent; 301 to 500, 2 percent; 501 to 800, 1 percent; 801 to 1,000, 1 percent; over 1,000, no one.

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17 March 1986

Latin America Report

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INTER-AMERICAN AFFAIRS

BRIEFS

HONDURAN-NICARAGUAN PACT DENIED--The president of the National Congress, Carlos Orbin Montoya, stated yesterday at the close of a meeting with President Jose Azcona that he does not believe military treaties will be reviewed again during his term. He clarified, however, that some treaties remain to be signed on the legal status of military advisers, "which we are going to review slowly," disclosing that there will be a special military affairs commission. As for Nicaraguan Vice President Sergio Ramirez Mercado's comment that there could be peace between Honduras and Nicaragua as long as the United States did not intervene, Montoya commented: "This is the same business of a bilateral agreement, and we do not have a bilateral agreement, because the establishment of a Marxist government in Central America is a regional problem, not a bilateral issue between Honduras and Nicaragua." After meeting yesterday evening with the new president, Jose Azcona, Nicaraguan Vice President Sergio Ramirez stated that they agreed to resume bilateral contacts at the level of foreign ministers, economic authorities and even in military matters. [Text] [Tegucigalpa LA TRIBUNA in Spanish 29 Jan 86 p 2] 8743

CSO: 3248/238

ARGENTINA

PRESIDENTIAL ADVISER TESSIO ON UCR'S POLICIES, DEBT ISSUE

Buenos Aires LA PRENSA in Spanish 4 Feb 86 p 7

[Text] Santa Fe Radical leader Aldo Tessio asserted that President Raul Alfonsin "agrees" that it is necessary for the Radical Civic Union (UCR) and the government to undergo a process of "self-criticism" after 2 years in office. The introspection should focus primarily on the administration's economic policy and its handling of the foreign debt.

In statements to Radio Mitre, Tessio, who is a presidential advisor, also contended that if the chief of state is constantly "cloistered" in his office "it is because he is being pressured by some special interests, and it may be that the people who advise him do not give him enough information." He stressed, however, that Alfonsin "has an accurate picture of what is going on" in the country.

The former governor of Santa Fe also came out in favor of seeking a "joint" solution to the Latin American foreign debt.

He asserted that at this time the Radical Civic Union is undergoing a period of "criticism (internal), like any important party in a democracy that has not been in office for very long." He claimed that "our president agrees" with that aspect of internal Radical activities.

Tessio contended that the purpose of the UCR plenum will be "an act of self-criticism," and stated that President Alfonsin "is aware that the party faces a task in that certain political events that have arisen in the course of governing the nation require personal criticism."

When asked about the defects of the Radical movement that must be the focus of the "self-criticism," Tessio argued that many elements will be subject to "a profound, serious analysis that should be guaranteed not only by the government, but also by the party."

In addition, he stated that issues related to the economic plan and particularly the foreign debt will be discussed. "As the president has said, political treatment must be given" to the foreign debt.

Austral Plan

The presidential advisor mentioned the Austral Plan, maintaining that it has "some positive aspects" aimed at eliminating inflation. He pointed out that now "we must devote ourselves to stimulating production."

He also stressed that production and growth are one problem that "is very closely tied to the debt," because "all things have to take place together, or we will not make any progress on this matter."

"This issue stands before us, and we cannot afford to delay much longer," he emphasized. "Latin America must solve its problem, and it cannot be done in an improvised and individual way, country by country; we all must solve it together," stated Tessio.

When asked what criterion the president is following in dealing with the foreign debt, the presidential aide replied that "Alfonsin wants a political treatment of the debt."

Moreover, he pointed out that "the president of the nation is a man who is constantly following new developments," and added that "if he is cloistered sometimes, it is because he is being pressured by some special interests, and it may be that the people who advise him do not give him enough information, but he has an accurate picture of what is going on."

With regard to the controversial speech the president gave in the city of Villa Regina, Tessio argued that "it was a rather personal reaction by Alfonsin to the behavior of certain sectors that have never supported the president."

8926
CSO: 3348/409

ARGENTINA

GOVERNOR MENEM ON POSSIBLE CANDIDACY FOR VICE-PRESIDENT

Buenos Aires LA PRENSA in Spanish 6 Feb 86 p 5

[Text] La Rioja Governor Carlos Menem denied that he will run for vice-president on the ticket with President Raul Alfonsin in the 1989 elections, because "a constitutional reform that allows for reelection of the president is not included in the plans of the Justicialist delegation until after that date."

Menem contended that the fact that Santa Fe Deputy Ruben Cardozo is boosting him as a candidate for president "reflects the aspiration of vast sectors of the national political community; it is not just Justicialists who are supporting this idea."

The leader of the reformed Peronists stated with regard to his presidential candidacy that "not only Justicialist sectors are supporting it, but also sectors outside the party and independents." He added that "if a politician aspires to anything in life, it is to travel the road laid out for him by destiny and to determine the fate of our country."

In statements to Radio Mitre, he asserted that "of course I have my ambitions, my aspirations, and I think I am in a position to be able to manage the fate of our dear Republic of Argentina."

He went on to say that "in 1989 Raul Alfonsin will not be able to run, because the Constitution does not allow that. So I see great potential in the future for which we are fighting." He also rejected the possibility that the Constitution will be reformed to allow for the reelection of the president and the formation of an Alfonsin-Menem ticket.

That does not fit in the present plans of the Justicialist delegation, not until after 1989. Therefore, there is no possibility of that."

He also noted that the industries located in his province are attracted by the water, gas, and electricity facilities, and the infrastructure in general. He also cited the tax exemption law as an incentive.

Finally, he explained that La Rioja is listed along with San Juan, San Luis and Formosa as the cities where retail prices have changed the most dramatically since the Austral Plan was implemented because of the "tremendous growth of the province," and because there is "constant demand on the market, especially in areas such as housing."

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CSO: 3348/409

ARGENTINA

CASELLA DENIES PRIVATIZATION DECISION CAUSED PARTY RIFT

Buenos Aires LA PRENSA in Spanish 6 Feb 86 p 5

[Text] The head of the Radicals in Buenos Aires, Juan Manuel Casella, denied that any confrontations have taken place within his party as a result of the government's decision to announce the privatization of some state enterprises. He admitted that the matter had prompted an internal debate, "as is natural in any constitutional government."

In statements to Noticias Argentinas, the former labor minister also stressed that President Raul Alfonsin will introduce Sourrouille's speech today because "he wants to give it special attention." He claimed that it makes no sense to argue about whether or not the president should endorse the announcements.

With regard to President Alfonsin's participation in Sourrouille's message, Casella expressed the opinion that "it makes no sense to discuss whether or not the president should endorse a speech. I do not believe that the presence or absence of the chief of state on television will prevent any subsequent criticism or praise."

"We must understand that the policy of a minister is the policy of the president; under our Constitution, Sourrouille is a secretary of state and the executor of Alfonsin's policy. In this case the president is putting in an appearance because he wants to give special attention to the speech, that's all," he added.

Regarding the decision to privatize some state-run enterprises, the head of the Buenos Aires Radicals stated that "in a country like Argentina, the presence of the state is inevitable. But I think that over time the objectives have gone through a fundamental change, so the social assets managed by the state should be oriented first toward social goals, and then toward favoring technological change."

As for the controversy among Radicals with respect to Sourrouille's announcements, Casella admitted that "there was some debate on the content of the message," but he stated that "it is natural for different points of view to be discussed in a constitutional government, especially when important measures are going to be announced. But I am not aware of any confrontations."

Immobility

When asked about allegations of immobility on the part of some sectors of the ruling party, he responded that "since 1983 all political and economic acts of any importance have been generated by the government and by the Radical Party."

"The most significant events, ranging from human rights to economic reform, were carried out by the government. The opposition has not brought about a single political innovation, nor has it produced any significant leaders," he stressed.

On this same point, he indicated that "we Argentines should stop being so anxious to have major events every day. Olympic events cannot be staged every day here. People think that if an important measure is not announced every day, nothing is happening. Of course, that is not so."

8926
CSO: 3348/409

ARGENTINA

DELEGATION VISITING UK CITED ON FALKLANDS ISSUE

PM201409 London THE GUARDIAN in English 20 Feb 86 p 21

[Arthur Gavshon Report: "The Old Claim Remains"]

[Text] The Argentine parliamentary group visiting Britain says that the military build-up in the Falklands imperils the security of all Latin America and threatens to introduce East-West tensions into the area.

The four-man mission also maintains that during the 1982 conflict Britain brought nuclear weapons, including missiles, into the region, despite the fact that it has been declared a nuclear-free zone.

"Evidence of this is known to the Argentine public," Senator Julio Amoedo said, "and Britain has implicitly acknowledged this to be so by sending a technical mission to locate any such weapons which may still be on the seabed."

Amoedo, who belongs to the opposition Peronists, seemed to be alluding to the area where HMS Sheffield went down. Britain has denied the deployment of such weapons in 1982.

Senator Adolfo Gass, one of President Raul Alfonsin's ruling Radicals, says "we respectfully hope to dissuade the British Government from pouring more funds into 'Fortress Falklands.' Argentina's peaceful intentions have been confirmed by significant reductions in our military spending made possible by the settlement of the Beagle Channel dispute with Chile."

Alfonsin's military budget has been cut back to 3 percent of the gross domestic product from the 6 percent being spent during the military era.

Deputy Federico Storani, also a Radical, says that the Organisation of American States in mid-1985 condemned Britain's policy of fortifying the Falklands, with support from some Commonwealth states in the Caribbean. The United States abstained.

The question-and-answers interview with the first Argentine parliamentary team to visit Britain since 1961 ranged over most of the difficulties still dividing the countries nearly 4 years after the conflict.

These difficulties relate to the circumstances in which Argentina would formally end the state of hostilities that still exists; to Argentine insistence that any negotiating agenda must deal with the disputed future of the Falklands, which Argentina still claims; and to the way any compromise on the sovereignty could be internationally guaranteed.

As their round of consultations began, Mrs Thatcher stressed in the commons on Tuesday that "the sovereignty of the Falklands is not negotiable." Parliament was told that Minister of State for Foreign Affairs, Baroness Young, will visit the Falklands, presumably to reassure the islanders that no British policy change is contemplated. Timothy Egger, a junior Foreign Office minister, was authorized by Mrs Thatcher to receive the group tomorrow.

The problem facing Britain and Argentina is how to get inter-governmental negotiations on their differences started. Britain says it is ready for talks, but wants Argentina to end hostilities. Until that happens Britain cannot use Latin American territories or supplies to supply and sustain the Falklanders.

Storani said Argentina last year offered to end hostilities and normalize relations "if sovereignty is brought in at some point on to an open negotiating agenda." He said the British were told in a note that Argentina would act first if Britain promised to agree on an open agenda 60 days later. We have had no response," he said.

Members of the group were asked if they had any ideas for breaking the stalemante. Deputy Bordon, a Peronist, suggested that "To avoid the mistakes of the past we should both recognize the 1982 conflict came about because of the intransigence and opportunism of both governments. These attitudes must be discarded."

Storani says: "We would be willing to guarantee the lifestyle of the islanders, their language, religion, their traditions, and educational system. We would accept a high degree of autonomy for their institutions. We could contemplate the concept of shared sovereignty for a time, although we would rather not discuss how long because this would depend on the integration process. Or else we could consider a leaseback solution, or any other, that envisaged an international treaty embodying guarantees by third countries or parties."

Does Argentian's claim to the Falklands also embrace the South Sandwich Islands, the South Orkneys, and South Georgia? "Our country always has regarded these islands as part of a whole," Bordon says "It would be rational to include in any agenda all the issues which divide us."

Members of the group were emphatic that Argentine democracy is here to stay. But, Bordon observed, it would be reinforced if President Alfonsin could deliver "reasonable negotiations" on these matters.

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CSO: 3300/69

ARGENTINA

ARGENTEC TO FINANCE HIGH TECH RESEARCH, DEVELOPMENT

Buenos Aires EL ECONOMISTA in Spanish 31 Jan 86 p 8

[Text] The Bank of the Argentine Nation, the National Development Bank, the Provincial Bank of Buenos Aires, the Provincial Bank of Cordoba, and the Bank of Mendoza have signed a major agreement for the promotion and financing of national technological development. Under the agreement, Argentine Technology (ARGENTEC) is established as a system of financial entities linked together to channel loans and other available resources toward innovative businesses that master new technologies through research and development, or are able to assimilate imported know-how successfully and incorporate it effectively into the national technological pool.

The meeting took place at the Historic Museum of the Provincial Bank of Buenos Aires, and was chaired by Buenos Aires Governor Alejandro Armendariz. The agreements were signed by the heads of the banks: Dr Aldo Ferrer for the Provincial Bank of Buenos Aires, Dr Mario Kenny for the Bank of the Argentine Nation, Chrystian Colombo for the National Development Bank, First Vice-President Jose Maria Llorens for the Provincial Bank of Cordoba, and Second Vice-President Hector Martin for the Provincial Bank of Mendoza.

The president of the Provincial Bank of Buenos Aires, Dr Aldo Ferrer, and his counterpart at the National Development Bank, Dr Chrystian Colombo, gave speeches at the event. They drew attention to the importance of the new system, which links together the five official banks so that their full strength can be put to use for modernization and development. After the signing of the agreements, Dr Luis Federico Leloir, in his capacity as honorary president of the ARGENTEC Advisory Commission, discussed the significance of this event.

The creation of ARGENTEC will enable businesses with an innovative spirit to become pioneers of national economic growth and to lead a renewed trend toward exports, with the incorporation of national technology. Dynamic areas such as biotechnology, numerical control of machinery, flexible automation, robotics, data processing, microelectronics, telecommunications, fine chemistry and capital goods, will be the natural targets of ARGENTEC's efforts to promote and finance high tech projects.

The aforementioned financial institutions are thus fulfilling an inescapable responsibility that is incumbent upon them in the modern world, the financing of the technological revolution. In this regard, support for small and medium businesses will play a key role. As indicated by the most recent international experiences, these businesses can take an active part in the innovation involved in advanced technology.

The banks that belong to ARGENTEC have laid down guidelines for action that will ensure the allocation of financial resources on the most favorable possible terms on the market, and the use of reasonable criteria of flexibility in the evaluation of credit risk. Thus, they will be able to offer alternatives that clearly support national business.

ARGENTEC has set up an Executive Secretariat, headquartered at the Provincial Bank of Buenos Aires, for the purpose of coordinating the five banks' efforts to promote national technological development as the charter members of this entity.

The agency will have an advisory commission made up of representatives of the nation's scientific and technological institutions, and of innovative businesses. The honorary president of the commission is Dr Luis F. Leloir.

The ARGENTEC-ARGENTINA TECNOLOGICA system includes associate entities, private and public financial institutions, both national and foreign, which will be able to contribute to the financing of projects and programs under the agreement.

ARGENTEC reflects the conviction of the contracting parties, based on their experience, that financial institutions have a responsibility to channel credit and other available resources to support innovative businesses and/or those that assimilate imported know-how to incorporate it into the country's scientific and technological pool. The signatories recognize that technological progress normally is incorporated into projects developed by businesses with an innovative spirit which are willing to take risks, and that such businesses fulfill an irreplaceable function of leadership in economic growth. Financial support is essential for the implementation of this type of project. Therefore, the financial institutions are assuming a responsibility that cannot be delegated to anyone else in the promotion of the technological revolution. That support is particularly significant in cutting-edge activities such as numerical control, flexible automation, robotics, data processing, microelectronics, telecommunications equipment, biotechnology, and capital goods.

The Provincial Bank of Buenos Aires noted the success achieved by Prof Jorge A. Sabato in its Development and Technology Management department, in promoting and financing high tech projects. It expressed its willingness to share, expand and enrich that experience with the other signatories. With regard to technology, production and commerce in the machinery and equipment sector, the Provincial Bank of Buenos Aires cited the benefits yielded by LATINEQUIP, an entity that was created for that purpose in conjunction with other Latin American financial institutions.

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CSO: 3699/4

BRAZIL

GUIDELINES FOR 1986 ENERGY PLAN ESTABLISHED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Dec 85 p 27

[Text] Brasilia--The drop in international oil prices and the beginning of financial recovery in the electrical sector are the two most important developments expected in the energy and fuel sector in 1986. In the mining sector, the launching of the Carajas Iron project, with the export of 50 million tons and invoices totaling US$300 million in the coming year, is the leading feature.

The main event of the year in the energy sector was the drafting of the Sectorial Recovery Plan (PRS), which will guide the sector for the next 4 years. It sets forth guidelines for the investment program, analyzes and resolves the financial problem--a foreign and domestic debt of about US$15 billion, and establishes a minimum works program.

The main goal is to make the short term demand, i.e., that in the next 4 years, with the completion of the projects which are underway and the execution of only those with a short maturing period. No new project will be launched, at least in 1986 and 1987, so as to reduce expenditures and increase income.

PRS has diagnosed a potential energy deficit situation in the dry years, which may lead to the need for cuts or rationing if the exceptional drought situation which occurred in the Center-South this year is repeated in the next 2 years. This situation will not be altered substantially, even with the entry into operation of the machines plant for Itaipu.

As to the current serious economic and financial crisis, the five main causes are said to be tariff limits, inadequate foreign indebtedness, increased international market interest rates, prior expenditures on a series of projects in advance of their market return, such that parallel credits linked with the purchase of goods and services abroad was obtained, and the promulgation of special tariffs for the substitution of petroleum products (thermoelectric procedures) and the production of intensive electrical metals such as aluminum and light steel, which are costly, and which do not have subsidies replaced by the government, as is done with PETROBRAS [Brazilian Petroleum Corporation] and the oil accounts, for example.

The minimal investment program for the electrical sector until 1989 calls for total investments of US$25,750,000,000, in order to cover an increase in energy consumption averaging 8% per year, but with increasing risk of rationing and blackouts for at least 2 more years.

These resources will be obtained from three sources. The first is tariffs, which will see an actual increase of about 14%, with the enterprises reaching the remuneration level of 10%, for which the law provides but which has not been achieved since 1977, by 1989. Replacement will be gradual, increasing from the present 4.35%, which represents a decline in comparison to 1984 (5.7%), to 7% in 1986, 8% in 1987, 9% in 1988 and 10% beginning in 1989.

The federal budget will be the second source of funds, with the government assuming a part of the foreign debt of ELETROBRAS [Brazilian Electric Power Companies, Inc.], in connection with the Brazilian nuclear program. The federal government will take over about US$2 billion of the debt contracted for the construction of the Angra I, II and III plants falling due by 1992. This will give Furnas a major breathing space. Now it will have to cover, where the nuclear plants are concerned, only the amount equivalent to the cost of a hydroelectric plant of the same power. The federal government will take responsibility for the costs above that.

The third source of funds will be the capitalization of the electrical enterprises and the rollover of the debt service. With the approval of the PRS, the IBRD [International Bank for Reconstruction and Development] will make it possible for ELETROBRAS to obtain cofinanced loans of US$2,400,000,000 in 1986 and 1987. Apart from this, the national treasury is to provide ELETROBRAS with US$2,245,000,000 in these next 2 years to increase the capital of the units it controls. The states will also be called upon to allocate their own resources for the rehabilitation of state enterprises, and the additional resources will be obtained through a rollover of the foreign debt service.

In the oil sector, PETROBRAS will invest heavily in 1986 in production in the northeastern sector of the Campos basin, with the simultaneous installation of seven stationary platforms which will produce 100,000 barrels per day beginning at the end of 1987, even with the prospect of lower international prices in the next few years.

According to the estimates of the president of PETROBRAS, Helio Beltrao, domestic oil production should reach a daily average of 563,000 barrels in 1985, representing about 60% of the national oil products consumption level. The estimate for 1986 is for a smaller increase than that seen between 1984 and 1985. Against consumption of 947,000 barrels per day, the country produced 474,000 barrels per day in 1984, and imported 473,000, such that the domestic production of oil exceeded imports for the first time.

Brazil will begin the year with production totaling 600,000 barrels per day, with a tendency to increase gradually to the 700,000 barrels per day level in December of 1986. This will mean an annual average of

650,000 barrels per day. But a new factor has been introduced here. Because the increases in 1985 were less than the official rate of inflation (IPCA) by 100 percentage points (132.54% and 233.65%), the consumption of oil products in the last 3 months of the year showed indications of definite recovery, exceeding the 1 million barrels per day level.

Depending on the price policies adopted by the government, which has shown signs of uncertainty as to whether these adjustments will be greater, the same or less than inflation, and if the 1985 policy adopted by the new government, which penalized the PETROBRAS fund by maintaining prices artificially, is continued, oil products consumption may increase by between 100 and 150,000 barrels per day in the coming year, reaching 1,100,000 to 1,150,000 barrels per day by December.

Such a development would practically cancel out all of the advantages won by the country with the limitation on consumption, which has declined steadily since 1979, reaching its lowest point in 1984 (947,000 barrels per day), representing an increase for the country of 100,000 barrels per day in oil imports during the year.

Alcohol

The PROALCOHOL [Alcohol Production Program] will be one of the two programs to which the government will devote attention in 1986, mainly because of the drop in oil prices. This program is a success, being the largest alternative energy sources project in the world today. In Brazil, gasoline is no longer the main automotive fuel. Alcohol is, and it now ranks third in volume of fuel consumed, following diesel oil (340,000 barrels per day) and fuel oil (170,000 barrels per day). The national consumption of alcohol for fuel--anhydrous and hydrated--should come close to 150,000 barrels per day.

Domestic alcohol consumption increased from 555,600 liters in 1976 to 11,400,000 liters in 1985. There is currently an installed capacity for processing 12 billion liters per year in our national refineries, which are concentrated to the extent of 72.3% in the Southeast, which also accounts for an almost equal proportion of consumption. But the production of alcohol has been increasing in other regions too. In the Center-West, production developed from practically zero in 1978 to 5.2% during this harvest. In the South, production increased from 3 to 5.2%, with the Northeast maintaining the 17.1% level.

Apart from the increase in the volume produced, there has also been a great advance in quality. Agricultural research has moved ahead with new horizons, the production of seedlings, the production of foodstuffs has been combined with the production of sugarcane, new equipment and production systems have been developed, and the problem of the vegetable refuse has been resolved, with its use as fertilizers or in generating methane gas. Also, there have been improvements in such industrial processes as extraction, milling, introduction of continuous fermenting, new techniques for distillation and plant management.

There still remains much to be done with regard to the idling of the alcohol plants, for an average of about 6 months a year, and in reducing production costs, mainly if oil prices abroad decline. Alcohol will be competitive even with oil at US$11 per barrel. Currently, while gasoline is being sold at US$65 per barrel on the domestic market, alcohol sells for US$41, for all practical purposes its production cost.

This provides a good safety margin for the program, because the likelihood for 1986 is that the government will establish a new differential between alcohol and gasoline, replacing the old differential of 35% between the two fuels. The new criterion should be more realistic, establishing a differential between 20 and 25%, adapting the price of alcohol to the new developments, such as the improvement in engine efficiency, but in such a way as to prevent consumers from returning to gasoline for new vehicles.

Mining

The main development in 1985 was the completion of the entire Carajas Iron system. The port, railroad and mine are ready for operation, and in 1986 15 million tons of iron ore should be produced for export by the Rio Doce Valley Company (CVRD), resulting in invoices totaling US$250 to 300 million.

In 1987, the Carajas Iron Project will achieve cruising speed, with an annual production of 35 million tons. In 1986, the CVRD is to arrange for the marketing of 10 million tons abroad, because only 25 million tons per year have been sold. If success is not achieved in placing all this iron, the enterprise will have the option of reducing production in the mines in the Southeast (Minas Gerais), basically for the supply of the national metal working industry, thus increasing the useful life of these mines, and giving preference to exports of ore through Carajas to Europe and the United States.

Another very important step was the relaunching of basic geological mapping work, which had practically been at a halt since 1979. This mapping is essential to the establishment of new ore deposits to take the place of those currently being exploited. Already in 1985, 54 billion cruzeiros was allocated for these projects, and the budget for 1986 provides for 360 billion cruzeiros, with equivalent sums planned for the following years.

Mining, one of the sectors which has functioned best in recent years, with annual growth averaging 20% of the production value over 10 years, has also come to be included in the National Development Plan for the first time. The priorities, in addition to basic geological mapping, include the gold, gems and precious metals project, basically designed for the supervision of the gold fields; a program to evaluate and develop the subterranean water resources in the Northeast; an ore technology program, to develop technology for the processing of the types of oil found on the national territory; a special geological survey project for the Greater Carajas Program area; and specific goals for the CVRD, including the expansion of foreign sales of ore from 77.7 million tons in 1986 to 87.1 million by 1989.

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INFLATION SEEN AS CAUSE OF REDUCED MULTINATIONAL INVESTMENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Jan 86 p 50

[Text] U.S. firms have practically halted their investments and reinvestments in Brazil, although the United States continues historically to be the largest supplier of venture capital to the country, accounting for 34 percent of total investment. According to a document published by the Central Bank on Friday, the United States, which up to the end of the 1950's had invested and reinvested $97.8 million and reached a peak in the 1970's with $3.749 billion, has reached a point at which, according to the most recent data available, these investments and reinvestments were negative for the first quarter of 1985, signifying that there is a great deal of caution with regard to the future of the country.

The countries which have invested and reinvested most in Brazil since the government began to record these figures are, in order, West Germany, Japan, Switzerland, the United Kingdom, Canada and Italy, but the individual volume of each does not come close to the United States'. Panama also stands out statistically; however, that country only transfers capital, as institutionally it is an international financial paradise with its fiscal policy which attracts capital intermediary operations.

One factor which has been decisive in scaring venture capital away from the country is persistently high inflation rates. This concern has been voiced both by executives of multinational firms residing in Brazil and by the Central Bank itself. It is not that inflation in itself means that foreign investment here will not have a high enough rate of return, but the figures alarm people and make them afraid that the authorities will enact price freezes to contain inflationary currents, thereby reducing the possibility of compensatory profits.

Foreign investment has historically been channeled to the vital sectors of the economy such as the manufacturing industry, to the point that this sector benefited from 74 percent of the capital. The sector most sought after is transportation equipment (automotive parts, aviation, shipbuilding, railway equipment and automobiles).

The well-known and obvious trend of foreign firms, primarily Japanese and U.S., to try to invest in the vital sectors of the economy and in technologically sophisticated areas has caused a certain negative reaction in national political circles. This is why the present administration is being cautious with regard to venture capital. In the banking sector, for instance, tradition does not allow foreign institutions to come in except as minority shareholders in investment banks. In data processing, the Figueiredo administration enacted a law to protect domestic industry and prevent foreign companies from increasing their investments in an area which is very desirable in today's world.

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BRAZIL

MILITARY TO COLLABORATE IN PREPARING CONSTITUTION DRAFT BILL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Jan 86 p 4

[Text] Vitoria--former minister Afonso Arinos said yesterday in Vitoria that a number of military officers will be members of the commission entrusted with the preparation of the draft constitution. Speaking specifically about Vice Admiral Mario Cesar Flores of the Naval War School, who will represent the armed forces, he said: "He is very good, and I have good relations with him. He is a first-class individual."

Arinos explained that the cooperation the military sector will provide in drafting the constitution will conform to the instructions received. "We must maintain permanent contact, continuing an unhindered dialogue with the armed forces, because vigilance over the functioning of democracy is not their only function, as has been the case until now. They must be involved in continuing participation in democratic functioning. This is indeed important," Afonso Arinos said.

"I have already talked with the minister of army, with the chief of the General Staff of the Armed Forces, and I have spoken at the Higher War and Naval Schools, where I met Admiral Flores. And there is no place in the world where the participation of the armed forces in the government system is not important, because everywhere, defense--not in the sense of violent maintenance of seeming order, but in the sense of institutional stability--is important."

In this connection, Arinos commented on the recent movement of the truckers "when that provocation developed. It sufficed then for the armed forces to appear, and it was all over. Thus the military has very great importance in democratic life. There is no country in the world in which the constitution does not make specific refereaces to the role of the armed forces."

Speaking further about the role of the military, Arinos said that they participate "in the defense of institutions, but not national security, which has been entrusted to the civilian authorities. The armed forces are commanded by a civilian authority, the president." The former foreign minister said he has no doubt that "there is no democracy without an armed shield." But he warned that he was not speaking about countries with

dictatorships, but rather "those which have democratic governments. The armed forces are the tool for implementing democracy."

Alternatives for Government

Speaking about the two government alternatives currently being proposed, parliamentarianism and presidentialism, Afonso Arinos explained that one cannot "draft a section on the judicial branch without knowing whether the government will be parliamentary or presidential, because the authority of the Supreme Court in the realm of checking on the constitutionality of laws, in which in our country we now imitate the United States, is completely different from the role of the Supreme Court under a parliamentary system."

Arinos warned that it is necessary to define the form of government--whether parliamentary or presidentialist--so that certain parts of the constitution can be drafted.

He went on to say that the preamble to the new comstitution should condemn nuclear force as a means of mass destruction, such that Brazil will become the first country in the world to adopt such a position on the constitutional level.

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CSO: 3342/68

BRAZIL

EMBRAER PRESIDENT VIEWS ARGENTINIAN ADOPTION OF MODEL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jan 86 p 5

[Text] The Military Aircraft Factory, an Argentine government firm, decided to adopt the private enterprise model used by EMBRAER. This move to modernize, shifting to a more modern administrative structure less patterned after the state-run model popular during the Peronist period and the military regime, has the support of the Argentine Defense Ministry as well as that of President Raul Alfonsin himself. EMBRAER president Col Osires Silva regarded the use of the government enterprise's model, reported exclusively to O ESTADO and JORNAL DA TARDE yesterday, as the most important part of an aviation agreement which will be signed today with the aircraft factory at the Defense Ministry in Buenos Aires.

Osires Silva recalled that the development of EMBRAER and the conquest of the international market had only been possible by adopting private sector management methods. Under the state-run model which used to be predominant in the country, there were wasted monies, political appointments and poor strategic decisions, although he avoided going into these aspects of the problem.

According to the EMBRAER president, documents on EMBRAER's administrative structure have already been sent to the Defnese Ministry, as have the private sector principles it applies, "as it is not a government enterprise but a private one, in which the state is just a shareholder."

Anti-Nationalization

Osires Silva stressed the fact that EMBRAER has never adopted the methods of a nationalized firm. "This is why we have had the flexibility needed to make our projects viable, which would have been more difficult if we had opted for a state-run technical bureaucracy."

EMBRAER, for instance, intends to make its subsidiary, Engematic, a private firm in the medium term. This firm will produce digital instruments and significantly improve its managerial profile. The consolidation of Engematic, however, will not rule out the possibility that it could shift to private control or the private sector could participate to a substantial degree in its management.

The EMBRAER president acknowledged the importance of private enterprise methods in the growth and consolidation of the enterprise, and this was pointed out earlier by an officer of the Brazilian Air Force and one of the most loyal defenders of the private enterprise model, former Chief of Staff of the Air Force (EMAER) and current Minister of the Supreme Military Tribunal Gen Deoclecio Lima de Siqueira, who said at a conference at the Technological Aviation Institute (ITA) that "EMBRAER was right because it believed in the principles of private enterprise and adopted a realistic strategy, rather than returning to political appointments or luxurious facilities."

The enterprise was, according to the general, also right "because it believed in the Brazilian people and in their ability to create technology, without relying on quick package deals, which can be magical for the immediate future but do not guarantee the long range--like the state-run model, which in most sectors of the economy gives only the illusion of development."

Another Contract

President Osires Silva also told O ESTADO and JORNAL DA TARDE about a contract already worked out with the Military Aircraft Factory of the Argentine Defense Ministry, under which the Argentine government enterprise could manufacture parts for the aircraft Brasilia: "The problem of a shortage of spare parts in the necessary numbers has harmed us. Production of parts for the Brasilia by the FMA and transfer to the Argentine firm of the EMBRAER management model are two items in the EMBRAER-FMA agreement which have already been agreed on."

Also today, in Minister Moeira Lima's Rio office, the aviation company will sign a contract with Tecnasa Electronica Professional compamy to produce meteorological radar, which will make it possible to markedly improve commercial air traffic control. Meteorological radar technology was developed by research carried out by the Technical Aerospace Center (CTA), which has now decided, with the support of the Ministry of Aviation, to hand over the project to private enterprise.

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VOLUNTEER BRIGADE TO ASSIST IN NICARAGUAN COFFEE HARVEST

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Jan 86 p 5

[Text] A group of young Brazilians who are members of the First Brazilian Brigade for Solidarity with Nicaragua departed last night from Cumbica for Nicaragua to do voluntary work in helping with the coffee harvest in the province of Matagalpa, in the northern part of Nicaragua. The group consisted of 18 young people (including three women) from Sao Paulo, Goias, Rio de Janeiro, Rio Grande do Sul and Santa Catarina. They will work 8 hours a day for 32 days in the harvest campaign.

Ricardo Gebrin, one of the brigade coordinators (it was established 6 months ago) is the only one volunteering for this task the second time. "I regard this work as very important, because coffee accounts for 30 percent of the foreign exchange in the Nicaraguan economy. It is a country which has suffered from an economic blockade imposed by the United States, apart from being the scene of a war between the Sandinistas, who are in power, and the counterrevolutionaries being aided by the United States. There is intensive participation in the war, and many young people have been mobilized to defend the country."

Gebrin explained that foreigners are making up for the departure of manpower by harvesting the land of farmers who, following agrarian reform, gave up rural activity and became small owners.

More than a thousand persons from a number of countries (Colombia, Argentina, Uruguay, Greece, Sweden, the Soviet Union, the United States and Canada) will participate in voluntary labor this year, and Brazil has organized a group to represent it, for the first time.

The collection of funds, Ricardo said, was achieved through a national campaign involving the sale of lapel pins and t-shirts, circulation of a "book of gold" and aid from the parties represented in the group (PT [Workers Party], PDT [Democratic Workers Party] and PCB [Brazilian Communist Party]). The only expenditures are for travel, which Nicaragua pays for.

There are university students, association representatives and even unemployed persons among the young people, as well as two farmers, the only ones unaffiliated with urban activities.

The organizers recognize the risk that these young people will become involved in the struggle being waged in that country, but as Adilton Jose de Paula, who is affiliated with the PT, said: "We have confidence in the security plan the Nicaraguans will establish, although we know that the techniques of the counterrevolutionaries are sophisticated and their actions cannot be predicted."

When their work is completed, the young people will spend a week in the capital, Managua, where they will participate in a cultural program sponsored by the Sandinist youth.

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CSO: 3342/68

BRAZIL

BRAZILIAN MARKET FOR COMPUTERS TO INCREASE EXPONENTIALLY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jan 86 p 27

[Text] The computer market, estimated at $2 million last year, is likely to have real average growth of 25 percent per year for the next 5 years, according to a forecast announced yesterday in Porto Alegre by the special secretary for computers, Jose Rubens Doria Porto. According to him, Brazilian policy toward this sector is compatible with all the international commitments assumed by the nation. And he observed that a "significant demonstration of (its) success" is perhaps the questions that are raised from "time to time" by the United States and other countries.

On the other hand, the head of SEI does not foresee that, to meet the demand of this growing market, it will be necessary to increase imports that should remain at the levels of previous years--between $450 and $500 million. The average rate of nationalization is 85 to 90 percent and, in the coming years, according to his forecasts, should also remain around that level. Half of the domestic market is served by domestic firms and the other half is divided up between multinational firms and imports.

Doria Porto stressed that there definitely will not be technological delays in this sector as a consequence of market restrictions and, to illustrate, he cited the fact that, in the area of 8-or16-bit microcomputers, any software developed in any country is compatible with Brazilian machines, in some cases giving even better results.

In a talk before entrepreneurs from Rio Grande do Sul at the weekly luncheon meeting of the State Industry Federation, the secretary of computers said that American pressure would clearly show the success of Brazilian policy toward this sector. The worries that exist abroad derive from the fact that "they are perhaps afraid of a new competitor in the market, I have no doubt of that. If the nation is able to find its own solutions, it will perhaps scare the others," he observed.

The recent regulatory incentives which allow companies to apply 1 percent of income tax due to new computer company stock, according to Doria Porto, will benefit the entire sector even more, giving it circulation capital for cost reduction and indirectly making it possible to favor the consumer. The head of SEI added that he has "nothing against Suframa (Superintendency of the Manaus Free Zone), but the type of incentive that they had there made it difficult to exercise a policy of this sector on the national level. I defend the fact that there ought to be a certain differential of incentives for the computer sector between the 'have-not' regions and the more developed ones, but not just looking at an industrial district. I am against paternalism."

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BRAZIL

REPORTAGE ON CROP LOSSES RESULTING FROM DROUGHT

15 Trillion in Losses

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Jan 86 p 28

[Text] Brasilia--The last assessment by the Production Financing Commission (CFP) shows farm harvest losses as a result of the drought which may exceed 10 million tons for the five main products (cotton, rice, beans, corn and soybeans) alone. If compared with the last harvest, the production drop may come to 20 million tons. According to Ministry of Agriculture technicians, this loss may come to a total of more than 15 trillion cruzeiros, at minimum prices for this month.

In comparison to the first assessment by the CFP made at the beginning of October, the bean crop was that which suffered most from the drought, with losses of 45%, the value of which may exceed 3 trillion cruzeiros, at minimum January prices. In a comparison with the 1984-85 harvest, these losses meant a 43% decline in production.

Cotton showed as serious decline in comparison to the 1984-85 harvest, with figures which may represent a loss of half of the crop. The losses resulting from the drought represent 35%, the explanation being the reduction of the area planted. The losses may also exceed the 3 trillion cruzeiro figure.

Corn is the product which suffered the most damage. The expected figures exceed 6 trillion cruzeiros, with losses of up to 28% of the production, or 5.5 million tons.

Rice, particularly because of the irrigated cultivation in Rio Grande do Sul, should maintain the same level of production as last year, and there may be no decline as compared to the first assessment. Soybeans may show a loss of 20% from the first estimates, and up to 23% in comparison to production last year. The losses may exceed 4 trillion cruzeiros.

Increasing Rice Losses

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Jan 86 p 28

[Text] Porto Alegre--The damage to the rice crop in Rio Grande do Sul as a result of the drought is increasing. The State Secretariat of Agriculture announced the survey yesterday in which the extent of losses in comparison to the last survey, on the ninth, was estimated at 127,609 tons, and the total damage to the crop at 319,023 tons. The crop, according to the initial calculations, should have yielded 3.2 million tons. The director of the Rio Grande do Sul Agricultural Federation (FARSUL), Camilo Cottens, said that the losses might even be greater, because despite the rains which fell in December in that part of the state, the water volume was not sufficient to reestablish the normal level at the dams and reservoirs, and producers have had to regulate water consumption in irrigation in order to avoid letting their crops go totally dry. Agricultural losses in Rio Grande do Sul have reached 12 trillion 320 billion cruzeiros, according to agricultural secretariat technicians.

To judge from the records of the Eighth Meteorological District of the Ministry of Agriculture, the drought has not in fact ended. Historic averages and the rainfall which occurred in November, December and the first 20 days of this month, if compared, point to this. In Santana do Livramento, for example, where the historic average for the 81 days is 326 millimeters, the records show 181.8. In Encruzilhada do Sul, where normally 316 millimeters of rainfall occurs during the period, there has only been 104.2 millimeters. In Torres, the normal averages 319 millimeters, but rainfall has totaled 133.5. In Porto Alegre, the figures show an average of 319 millimeters, while only 133.5 have fallen. In Irai, with normal precipitation of 508 millimeters, the rainfall has totaled only 177.

Camilo Cottens called attention also to the fact that there will certainly be further losses at the end of the harvest, because the productivity of the soybeans and corn which are still being planted in some regions will doubtless be affected by the rainfall and the frost in the autumn. Since the begining of January, the FARSUL has advised against replanting this month, precisely because of these risks.

Rice Imports

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Jan 86 p 27

[Text] Brasilia--Brazil will have to import a minimum of 800,000 tons of rice this year, or a maximum of 1,400,000 tons, according to the assessment of business expert who met at the National Commodities Exchange (BNM) in Brasilia during an auction of 3,000 tons of this product.

The president of the BNM, Helio de Macedo Soares, again referred to the system of marketing by accredited exchanges as the best for the distribution of this import item (substantial volumes of corn and beans will also

be imported). He cited as an example the auction held just yesterday, at which the 3,000 tons of rice were sold to buyers from the Federal District, Sao Paulo, Tupa, Uberlandia, Anapolis, Goiania, Porto Alegre, Fortaleza and Bahia (the bids reached 203,000 cruzeiros per 60 kilogram sack, delivered to Sao Paulo).

This dispersal, dictated by the market, functions the best of anywhere in the country at the Brasilia Exchange, according to its president, because 17 of the federal states are represented there by 100 brokers. Thanks to this system, he said, competition provides more realistic market parameters and reduces the accumulation of speculative stocks by a few investors, supermarkets in particular.

Government Intervention

Jorge Afif Cury, president and director of the COTRA, which is responsible for more than half of the country's rice imports, and which has long traded internationally, expressed his concern about the destruction of private initiative by the intervention of the government on the market. "With the extremely high current financial cost, import firms could not afford to hold their stocks, because what guarantees them profitability is the rapid turnover of their imports," he said. The president of the Minas Gerais Commodities Exchange, Valter Noronha, also is concerned about the government actions which are pushing private business aside.

5157
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BRAZIL

IMPACT OF DROUGHT IN SOUTH, SOUTHEAST ASSESSED

Sao Paulo VEJA in Portuguese 22 Jan 86 pp 36-42, 44-46

[Article: "The Drought Is Carrying the Arid Interior Southward"]

[Text] For 50 years, nothing of the kind has been seen in the South and Southeast regions of Brazil, where 65 percent of the national economy's domestic product is concentrated. A dry spell which began in July of last year and worsened during December brought to the vocabulary of the country's richest region the word most feared in its poorer regions: drought. The disaster, which covers the country starting from a line passing the area south of Minas Gerais, has already affected 30 million people, led 600 cities and towns to power rationing, destroyed 20 percent of the farm production at a cost of $2 billion for an unstable national production, and led the city of Sao Paulo to its first water rationing since 1969.

Iguacu Falls has dried up. The Uruguay River, which separates Brazil from Argentina, can be crossed by truck. The Sao Paulo grazing lands have dried, and 200,000 head of cattle have been lost. In Presidente Prudente (Sao Paulo), the queue of 800 behind the water tank has become commonplace. "It is a scourge the like of which I have never seen," commented the governor of Parana, Jose Richa, who has already counted on the loss of 2.6 million tons of corn, and 2 million bags of coffee, and ordered a 50 percent cut in the public lighting for the state's cities and towns, to prevent the decline in the dam levels from forcing him to undertake an electric power rationing that would be capable of upsetting industrial production. Over a month ago, Parana was only able to produce 50 percent of the power that it requires.

"The drought has hit hard," remarked agronomical engineer Cassio Amaury Fleury, aged 54, chief of the Technical Assistance Coordinating Committee of the Sao Paulo Secretariat of Agriculture. At least 24 million people in the four states have been subjected to rationing systems for water or public lighting. For example, in 28 Rio Grande do Sul cities and towns, the water retuns to the taps only at each interval of two dry days. In Porto Alegre, first, nighttime lost the neon lights and, in a second phase of economy, the lampposts are being turned off in half of the city.

Meteorologists attribute this phenomenon to a weather imbalance that is occurring on the coasts of Australia, the effects of which would be felt in Brazil.

Last week, in Washington, the World Meteorological Organization noted abnormalities in various areas. In Australia and Indonesia, the rainfalll has been excessive. In the United States, the cold weather that has stricken New York State is exaggerated, as compared with the historical figures. Alaska is abnormally cold. According to the American meteorologists, the drought in South Central Brazil is more significant than all the other occurrences. Vernon Kausky, aged 44, a researcher at the Climate Analysis Center, remarked: "The Brazilian weather disturbance has origins outside the country, and it is the most interesting of the present distortions in weather to be studied."

Sea Into the Arid Interior

The phenomenon that Kausky terms a "Brazilian weather disturbance" is something rather more extensive than the drought in the South. According to the meteorologists, what is happening at present in the country is something close to the fulfillment of the prophecy made by film-maker Glauber Rocha who, in his film, "God and the Devil in the Land of the Sun," predicted: "The arid interior will become a sea, and the sea will become arid interior." According to the scientists, "the weather disturbance" is manifesting itself simultaneously in the northern part of the arid interior and in the South, where the water has traditionally been plentiful. There is a rain shortage in the Rio Grande do Sul city of Santa Maria, on which only 20 percent of the water required for farming fell during the past 7 months. Meanwhile, there is an abundance in Triunfo, in the Pernambuco arid interior, where during the month of December alone, there was rain equivalent to half the annual mean. The reestablishment of the weather balance in the Northeast, after 5 years of drought, has caused the state of Pernambuco to be confronted with the possibility of foregoing the importing of food from other regions, an unprecedented boon during the past 10 years.

There is no doubt that the arid interior has become a sea for the 25,000 inhabitants of the Ceara municipality of Iraucuba, 200 kilometers from Fortaleza. In 1983, at the height of the Northeast drought, they had to seek water 85 kilometers away, making use of trucks, mules and horses. A few weeks ago, amid a blooming landscape, the mayor, Antonio Gaudencio Braga, aged 42, opened a fountain in the town's main square. A year ago, he lacked the wherewithall to pay the drought migrants who had been combined on work fronts. Now, after the rain and the harvest, he can boast of having brought another F-1000 truck to the town hall. Anyone seeing Iraucuba would not believe that, a few months ago, it was considered the driest municipality in Ceara.

The sea has become arid interior in Presidente Prudente, in northeastern Sao Paulo. The dam which was supplying the town with water started to collapse 3 weeks ago. "The crisis was so severe during the first days that we didn't know what to do," claimed Ivan Gusmao, aged 35, regional superintendent for the State of Sao Paulo Basic Sanitation Company (SABESP). Presidente Prudencio lost 60 percent of its cotton and corn crops.

The dry weather led the inhabitants of the Southern region to a few tricks in order to escape the water shortage. Mario Celso Hellmeister, aged 35, owner

of a gasoline station in the Santo Amaro district, in Sao Paulo, was one of the few to keep his spray wash operating full-time, even when the rationing had intensified. Hellmeister simply installed an open water-tank with a 10,000 liter capacity and thus managed to catch every drop of the little rain that fell on the town. "I didn't lack water for a single day," he recounted. However, he was nearly forced to pay fines to SABESP on the charge of wasting water.

Economic Manipulation

The weather disaster which does not usually attack southern Brazil, brought with it the customary series of tall stories. Some, such as that of Gilberto Dambrosio, a self-styled "hick meteorologist" from Cruz Alta, in Rio Grande do Sul, are a mere product of superstition. He thinks that "the entry of Ursa Major and Ursa Minor into the Southern region on a 21-hour schedule, added to the proximity of Halley's comet, has reinforced the continuation of the dry weather." Others, based on poor assimilation of information, suggest that the anomaly is a result of the appearance of the lake at the Itaipu dam. "Every time they ask whether Itaipu could affect the climate in Brazil, I invite the person with whom I am speaking to glance at the map," said Luiz Carlos Molion, a researcher at the Space Research Institute (INPE) in Sao Jose dos Campos. "Itaipu does not even appear, and the ocean, over there to the side, occupies an immense area," he added.

The drought has also brought trouble caused by the economic manipulation. It has been blamed for a 640 percent rise in the price of coffee, bringing the price of a kilogram sold retail to 129,600 cruzeiros; the highest amount ever charged since the plant arrived in the country during the 18th century. According to the story, coffee is expensive because the heat destroyed 68 percent of the Sao Paulo crop. In fact, speculators are attempting to break the consumer's pocketbook, because the coffee on sale in the market came from last year's plentiful crop, subsidized by the government with the taxpayers' money.

The unexpected, inclement, weather disturbances have brought with them a fatalistic quality that has prompted the victims of the droughts or floods to radical positions. Sometimes they believe in magic or megalomaniacal solutions, and sometimes they do not believe in any solution except the will of nature. In fact, something can be done, and the 1986 dry weather, the damage from which is already irreversible, could serve to alert the country to problems which, some time ago, appeared to be confined to the poorest regions of the Northeast.

"Brazil is losing $6 billion per year because it is not equipped to make medium-term meteorological forecasts," claimed Antonio Divino Moura, aged 40, an electronics engineer and researcher at INPE, who is currently directing the National Institute of Meteorology in Brasilia. "Brazil is 3 decades behind compared with the meteorology being used in Japan, the United States, and Europe." Moura claims that the loss from droughts and floods could be cut in half. "When the forecast is for drought in the Northeast, the seeding expectations there could be reduced beforehand," suggested Divino Moura.

Teleconnection

Man has gradually learned to respect the importance of the climate to his life. For example, during the 1930's alone, the temperatures of civilizations were considered a significant factor for the study of history. The French researcher, Fernand Braudel, who died last November, found that, during certain eras of antiquity, there were virtually simultaneous revolutions in China, parts of Russia, and Europe. When viewed separately, they comprised only a major coincidence. When combined under a map of the temperatures during the harvest seasons, it was found that all the social upheavals occurred 1 or 2 years after a change in climate.

Every day, the earth's climate is studied by over a dozen weather satellites, as well as thousands of balloons and millions of sensors on ground stations; but nevertheless, a phenomenon such as the weather disturbrance affecting Brazil has been left with little explanation, allowing for only a major conjecture. It is the hypothesis of a likely "Australian teleconnection."

That explanation is based on the twofold observation that, at present, there is a rain shortage in Brazil and a surplus in Australia. Scientists have ventured to relate the two phenomena. To make that remarkable theoretical bridge, which crosses the Pacific Ocean, they use a brand new contribution to meteorology. It is the notion of teleconnection. Devised during the 1950's by the American meteorologist, Jerome Namias, at the University of California, teleconnections explain why and how the heating of ocean waters produces air currents which cross thousands of kilometers in the high levels of the atmosphere, acting in a differing manner along their path. "A heating above the limit in a part of the ocean surrounding Australia has effects in Brazil," claimed Luiz Carlos Molion, from INPE.

Mapping the route of the air masses originating in Australia, the meteorologists managed to observe that they bring about climate changes along their route. Pursuing their path, they arrived in Brazil. "The relations of the temperatures on the surface of the Pacific Ocean waters with the Brazilian climate are the most studied and predictable in the entire world," claimed Kausky. If that relationship is so predictable, it could be expected to bring good news. Last week, the photographs taken by the American satellite GOES, which reached INPE in Sao Jose dos Campos, showed a marked change in the temperature of the Pacific Ocean over an extensive strip close to the coast of Chile and Peru. There was a cooling on the Australian coast, also detected by the sensors of the weather satellite. "They are clear indications that the situation is close to becoming reversed in Brazil," remarked Molion. "In the event that the observation that the heating of the water in the sea near Australia caused the drought in the Brazilian South and Southeast should prove correct, the reversal is certain," noted the scholar. In this instance, the weather map of Brazil would once again be placed in the position that had been agreed upon as being considered proper: It would rain in the South and the Northeast would run the risk of embarking on a period of dry weather.

Nomad Tribe

Should this occur, teleconnections would gain an extraordinary force as mechanisms for partially explaining the climate in planetary dimensions. It would remain to explain why the Pacific Ocean waters become heated in addition. "These phenomena stem from the interaction of an enormous number of variables, involving the sea and the atmosphere," observed Prof Pedro Leite da Silva Dias, aged 33, chief of the Meteorology Department at the University of Sao Paulo.

However, scientists do not consider the manifestations of man's presence on earth as it relates to the climate as being negligible. Strictly speaking, it is now agreed that, in general, the climate continues its course causing severe winters, brutal droughts, and floods, regardless of whether what covers the earth is a tribe of nomads or an industrial civilization releasing toxic gases into the air, and organized in giant communities of reinforced concrete. Nevertheless, in localized areas, the hand of man is now making itself evident.

At present, the terrestrial globe is undergoing a heating phase. From the turn of the century until 1950, the earth's temperature overall increased 0.21 degrees. From that time until the present-day, it rose another 1.5 degrees. During the same period, the concentration of carbonic gas in the atmosphere increased 25 percent. Since carbonic gas is produced by forest fires, the burning of fuel and factory smokestacks, it is possible to imagine that this gas could be associated with the rise in temperature.

The relationship between high buildings and the increase in the urban temperature, however, has already been mapped in a more rational manner. The Sao Paulo researcher, Magda Lombardo, aged 32, from the USP [University of Sao Paulo] Geography Department, proved, with the aid of satellite photos, that the temperature in Sao Paulo shows variations of up to 9 degrees, depending on the district in which it is gauged. "The urban coverage has certainly had an effect on that varation," claimed Magda. For example, one day in July 1981, when the photo was taken by the satellite Nooa-7, downtown Sao Paulo showed up with 29 degrees. At the same time, at the foot of the Cantareira mountains, the temperature was 21.5 degrees. As a whole, the Sao Paulo temperature and,strictly speaking, that of all large metropolises, has been slowing increasing. From the turn of the century to the present, the mean minimum temperatures collected by the USP's Institute of Astronomy and Geophysics rose nearly 2 degrees.

Political Factors

A similar phenomenon has occurred in Paris. In the downtown area of the city, throughout the past 60 years, the temperature has risen nearly 1.2 degrees in comparison with the neighboring rural areas. Specialists agree that cities covered with asphalt remove water more speedily to the rivers, preventing its absorption by the soil which, in the rural environment, operates as a cooling factor. Moreover, heat is stored more easily in concrete and in synthetic materials than in woods. In a naturally hot city like Rio de Janeiro, where the properties are forced to have air conditioning units in all rooms,

the potential effect of the apshalt could also be cited. "In the hot sun, asphalt can reach 50 or 60 degrees centigrade," claimed urban specialist Carlos Nelson Ferreira dos Santos, aged 42.

The variations in temperature among the large city districts have no connection with climate changes the size of a drought. Similarly, if there is a water shortage in Parana and it is suspected that the cause of this lies in the heating of the Pacific in the vicinity of Australia one still cannot believe in apocalyptic theories of radical ecologists, who think that the simplest change in climate can be blamed on the adjoining factory. Droughts such as the present one, which threatens to wreck the good performance that the Brazilian economy has been showing during recent months, simply happen. What could vary, with some effect, is the capacity to discern when it will arrive or when it might end. It is true that the scientific manipulation of American satellite maps could enable those gambling on the grain exchanges to accumulate small fortunes at the cos of the ignorance in which the Brazilian farmers live. Furthermore, it seems certain that a series of political and Gregorian factors prompted the state authorities in the Brazilian South and Southeast to accept a dangerous wager against the drought. It began in September, at the height of the election campaign. However, there was no governor capable of warning of the danger of water rationing until the second half of November, when the ballots had already been counted. It is a fact that only one committing political suicide would mention a water shortage on the eve of an election. However, only rash administrators conceal 2 and a half months of drought and, furthermore,are afraid of getting involved in the water taps during the New Year's holiday season. Result: The drought started in September, and the economizing did not begin until January, when it had acquired the severe features of a disaster.

Without Forecasts

These delays affected farming only slightly, but in the lives of the cities and towns and in the maintenance of the levels in dams and reservoirs, the wager charged a high price, which is now fearful. If Molion's prediction were true, and the cooling of the Pacific waters brought rain to the dry region, the crisis would have been averted. From then on, the grazing land would grow again and part of the harvest could have been recovered. With 20 days of abundant rain, the levels of all the dams would be restored, and the problem would end. However, the perverse hypothesis is one of the drought's persistence. On that tragic timetable, 15 February could mark the complete loss of the harvest, which will prompt the federal government to stop the collection on all the loans made to farmers in the stricken regions, unless they are to be led into bankruptcy, if an attempt is made to receive again the financing given last year.

A drought that lasts beyond 10 March, striking the dams and reservoirs with the brutality that has occurred to date, would bring about a strict water rationing and, particularly, a rationing of electric power. At present, there are cuts in public lighting, and voluntary rationing of 20 percent of the

electricity used in the industrial consumption of certain regions. In a perverse alternative, the rationing will increase to 70 percent, including household consumption. In this contingency, there is posed the danger of a decline in the production of industries, a backer of the policy of growth which has eased the lives of Brazilians during recent months. No forecasts can be made beyond 10 March. After all, even the weather disturbances have a certain amount of logic and, if there was no such severe drought in the South 50 years ago, it cannot be thought that it is now faced with a more serious phenomenon: something never seen since the Brazilians began regularly gauging the temperature of their country during the 18th century.

The Disaster in the Countryside

There has never been seen, at least during the past 5 decades, a scene like the one in the countryside where the most abundant farms and pastures in Brazil usually flourish. After 6 months without regular rainfall, weeks at the brink of the searing sun and the attack of pests which arrive with dry weather, the agriculture in the South Central region (the granary from which over two thirds of the food consumed or exported by the country emerges) displays a devastating picture: empty fields, decimated farms, anemic herds, and the certainty that the next crops will be the worst in recent times. "The worst thing is that we don't know whether we have bottomed out," brooded the minister of finance, Dilson Funaro, who during the past few days has been engaged in the challenge of attempting to prevent the food shortage from igniting the inflation rate suddenly.

The predictions coming from the areas most stricken by the drought are extremely pessimistic (mainly because the calendar is approaching dangerously from the border, governed by the weather stations, on the basis of which no further aid will be given to the farmers because there will be nothing to harvest). The persistence of the dry weather between Sao Paulo and Rio Grande do Sul has not brought to the affected regions the human tragedy typical of the Northeast, with hordes of drought migrants, "work fronts," and people dying of starvation. It is true that there is now a lack of work for the temporary labor that orbits around the coffee and sugar cane plantations, the so-called cold meals; but the real seriousness of this drought which fell upon the South Central part of the country lies in its crushing economic damage.

The burden of that disaster, estimated at nearly $6 billion distributed between what the country will have to import, will cease to export, and will lose directly from the failure of the farms, will have an effect on all Brazilians in the form of more expensive food and, as a result, more inflation which, in an endless spiral, devours the purchasing power of wages. Less eloquent than the great drought which lashed the Northeast between the end of the 1970's and the beginning of the 1980's, the present dry weather in the South Central region will certainly be far more detrimental. From an economic standpoint, the droughts in the Northeast are not traumatic for the country, because there the production is small and what comes from its fields is hardly sufficient to feed the Northeast people themselves. However, from Sao Paulo to Rio Grande, the lack of rain strikes directly at the stomach of the entire country.

Hopeless

The losses in grain and meat production could be even greater if the rainfall does not arrive right now, in a good volume and with regular frequency, in the regions which plant, harvest and raise nearly all the food that goes on the tables of Brazilians, and helps to enlarge the country's exports. The Production Financing Commission, associated with the Ministry of Agriculture, collected up until 10 January a large volume of figures indicating a decline of 11 million tons, in comparison with last year, in the forthcoming crops of five of the leading agricultural products planted in the country: rice, beans, corn, soybeans, and cotton. Other major crops, such as coffee, sugar cane, and oranges, as well as livestock, are also recording considerable reductions. The prices of those products have taken off on the market, anticipating the shortage projected for after April, a month in which the harvest would begin, if all went well on the farms. Since nothing has gone well, the government prepared a set of measures in an attempt to mitigate the food shortage.

The technicians in the Ministry of Finance do not harbor any hopes that the farmers are still equipped to plant again during this harvest, which should have begun around September of last year, and is now at the height of the ripening process. This does not mean that the 1986 harvest will cease to exist. For example, the drought did not affect the farms and pasture lands of Minas Gerais, Mato Grosso, Goias, and Bahia, which have been recording major expansions in their potential farming areas every year. Furthermore, the water shortage has not totally prevented the planting in the South Central region, although the yield from the coming harvests is being drastically reduced.

In fact, what is anticipated as happening after April, when the major harvests begin from Sao Paulo to Rio Grande do Sul, is a production far less than the consumption, at a time when the government's strategic stocks are virtually at zero. That was not the situation at the start of Jose Sarney's government, but the stocked food was being cleared from the market as consumption, revived by the wage revisions, increased. An attempt was thereby made, along with control of industrial prices, to curb the inflation, which was giving signs of exploding at the beginning of 1985. It was a decision that proved correct while it lasted; before Sarney took office, 300 percent inflation had been predicted for the year. The index reached December with a rise of 233.7 percent. However, this policy was overrun by the drought, which is a phenomenon as predictable as the fact that night follows day.

Diminished stocks and heated consumption: these are the signals to start a furious movement of repricing which, in the case of coffee alone, has already caused an incredible rise of 1,372 percent since January of last year. Now, with the food shortage gnawing at its heels, the government has turned again to the question of the stocks and the market supply. Funaro ordered a massive importing of food, which should consume nearly $1.5 billion. At first glance, this figure appears small: it represents less than 6 percent of the country's total exports last year. However, when it is viewed more closely, one discerns the exact size of the problem; because any imports of that volume affect the surplus in the trade balance, which hardly suffices for the

country to pay the bill for the interest on the foreign debt for 1 year. "Forming stocks now is more important than the matter of the public deficit," argued Funaro. "There is only one way of halting speculation and rising prices: to import food."

In fact, since the end of last year, consumers have been taking home meat from Uruguay and corn from the United States. Starting last week, in turn, anyone interested could import beans, corn, and rice in any amount he wished, and without any government authorization. "There will be no shortage of food in the country," claimed the finance minister. Actually, based on the way that the situation is proceeding, there is not much to be done except to bring in from outside what is needed to meet consumption. In the case of corn, for example, the farms in the South Central region contributed 19 million tons in the last harvest out of the 22 million tons harvested in the entire country. In this harvest, the crop in the South Central region should not exceed 15 million tons under the best conditions, producing a deficit to be covered with imports of 3.5 million tons as a minimum. But, despite the imports authorized by Funaro to curb the food shortage, there is no guarantee whatsoever that prices will fail to rise, or will rise more slowly.

'Enemies of the Nation'

With the prospect of a monumental shortage ahead, the market is not behaving as the finance minister would like it to behave. On the contrary, it is behaving as it would anywhere in the world where the supply is less than the consumption: prices are increasing and everyone is trying to earn more money. Anyone who wagers against the guarantee that plenty of food will not be lacking in all reagions at any time takes into consideration the chronic flaws in the country's food distribution system, from the port to the consumption sites, also not underestimating the influence of the bureacuracy, which has already led to allowing imported beans to spoil in the holds of ships, and forgetting powdered milk in the port warehouses. In view of this state of affairs, the minister of agriculture, Pedro Simon, who spent last week involved in the discussion of an agricultural policy for the year 2000, decided to set out against what he termed "enemies of the nation."

According to the agriculture minister, such individuals are those who are retaining food, waiting for the prices to rise further still, and thus be able to pocket a larger profit. Simon proposes that the government confiscate those stocks. It is certainly difficult to imagine anyone throwing the prospect of larger profits out the window, as Pedro Simon, a merchant in Porto Alegre, should know well. Part of the same type of proposal is the suggestion made by the SUNAB [National Superintendency of Supplies] agent in Sao Paulo, Abilio Nogueira Duarte, to the effect that all coffee growers should donate 10 percent of their stocks to reduce the price of coffee to the consumer. Words for effect and unrealistic proposals are nothing more than attempts to deceive people. In the real world, the problem of drought and the lack of stocks is solved with imports, facilities for removal, and cuts in the government credit for the speculative stocking of crops.

Moreover, over the medium term, there is no way of avoiding the necessity for major investments in agriculture, already announced by the finance minister,

which would offset the losses and prevent the capital depletion in the rural areas from causing a second impact from harvests from now on. The lack of rainfall has been creating all kinds of effects on farms. First, it delayed the planting, which caused the plants put in after the normal period to germinate in a weaker and smaller state as the time of their exposure to the sun was shortened. "It is as if they were undernourished children, who do not develop and remain stunted," remarked the head of the Brazilian Rural Association, Flavio Telles de Menezes, making a comparison. For example, the corn farms, which are usually planted in September and harvested between February and March, fail to yield one bag per alqueire for each day of delay in the planting, according to Menezes.

Clear Sky

However, the delay in the planting would be inevitable. Without rain, the plowing work, whereby the soil is cut into pieces and turned over, in preparation for the seeding, is difficult. That process, which leaves the ground soft and flat, is only possible when the soil is moist. But it is not enough for the water to arrive in any amount and on uncertain days. It cannot be very heavy, or else it removes the nutrients from the soil; nor may it fail to be followed by an overcast day, the weather for the ground to retain the water. However, the rain that has fallen since September has been discontinuous, upsetting the farmers' lives even more. "In November, we had 2 days of good rainfall, which prompted many people to hurry with their planting," recalled Menezes. "Whoever planted lost everything, because afterwards there were 2 months without rain."

Most of all, the lack of water during the flowering phase decimated the few plants that had succeeded in germinating. Those which survived are small, weak, and more prone to the attack of pests: the present situation of the cotton growers in northern Parana, according to agronomist Cid Ricardo dos Reis, from Londrina. There are problems everywhere. In normal times, a farm is exposed to the sun for 9 or 10 hours a day. At present, with the clear sky, that average has risen to 14 hours, damaging the yield, even that of the farms subject to irrigation. The intense sunlight raised the temperature of the soil, which on very hot days reached as much as 70 degrees, whereas it should not have exceeded the 40-degree mark on the thermometer, and eliminated the formation of dew during the night. It is not only the crops of the short cycle, such as corn, beans, and soybeans, that have suffered from the prolonged dry weather. The permanent crops, such as coffee and oranges, which produce every year based on a single seeding, are also being affected by the lack of water and the excessive exposure to the sun's rays. There is the case of coffee, which has already been debilitated as a result of a minor frost in July and, with the drought, lost a considerable portion of the three bloomings last year, without which there will be no beans to harvest from the trees this year.

The situation of livestock raising is no different, and it matches the tragedy in agriculture. The raising of animals for slaughter and milking, like the

farming, follows a critical timetable. On it, there is the period between harvests, from April to September, when the cold weather and meager rainfall dry the pasture land and the herds become scrawny. There is no slaughtering during that interval. It resumes with the rainfall, which makes the pasture land green again, and the herds resume their fattening diet. In normal times, the grass in the Parana pasture lands would be 1.5 meters tall. At present, there are but few ranches on which it has already grown over 30 centimeters high. It would require 10 days of slow rainfall and over a month to regain its vigor. "It looks as if they had applied insecticide to the pasture land, it is so burned," commented the Rio Grande do Sul livestock raiser, Joel Goncalves Brasil, from Bage. With the interruption of the fattening cycle, following the months of cold weather when an adult bull loses nearly 42 kilograms, many livestock raisers have decided to move ahead the slaughtering period.

Milk production, in turn, is now the lowest in recent years. There are no reasons for optimism in that scenario. The deficient feed reduces the fertility of the herds, decreasing the future supply of meat and milk on the market. In spite of that tragic picture, which has exposed the economy to an experience of hyperinflation and has revealed the weakness of the government's defense mechanisms, farmers are keeping their eyes on the skies, in search of clouds.

2909
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JAPAN SEEKS TO INTENSIFY TRADE, FORM JOINT VENTURES

More Purchases From Brazil

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jan 86 p 27

[Text] The surplus in Brazil's trade balance with Japan, which reached a record level last year with exports up 20 percent over 1984 to a total of US$ 2 billion as compared to US$ 600 million in imports, may be increased through the aid of Japan itself. The information passed on yesterday by Keizaburo Yamada, one of the eight members of the Advisory Council of the OTO, an interdepartmental body representing 15 ministries and agencies in Japan, during his visit to Brazil (the first stop on his tour of Latin American countries) encouraged the leaders of the Sao Paulo State Federation of Industries (FIESP).

"Brazil may change its export profile by selling more manufactured products, instead of 80 percent commodity exports. This is more important than increasing the value of the sales," Jamil Nicolau Aun, director of the Foreign Trade Department of the FIESP, said after the meeting with the Japanese mission. In fact, Yamada said, Japan is open to all Brazilian products which are competitive in price and quality. "We are not objecting to the deficit in relation to Brazil, and we are willing to increase imports," he emphasized. The OTO plays a basic role in achieving this.

Simplification

Along with the activities of the OTO, the Japanese government established the Program for Action last July, calling for tariff reductions on 1,850 products, including coffee and chickens, of interest to Brazil, and improvement of the system of standardization and certification, as well as simplification of import processes. "With the yen at a high level and with the reduction of barriers and technical requirements, there will be a greater incentive for Brazilian exports, because this desire to import alone will begin to lead to expenditures by our domestic exporters," businessman Roberto Caiuby Vidigal stressed. He recalled that Brazil still exports products with a low added value, such as iron ore, while it imports extensively processed manufactured goods from Japan. However, he sees a great opportunity to increase Brazilian sales of nondurable consumer goods such as clothing, shoes and food products.

In addition to this Jamil Nicolau Aun recalled that the Japanese flexibility may facilitate the creation of joint venture companies, associations of Japanese and Brazilian firms, for the development of products in Brazil needed by Japan. And the Japanese noted that of all of the foreign investments of their country, 8.5 percent are concentrated in Brazil.

Despite the widely representative nature of Brazilian exports, they account for only 1.4 percent of Japan's imports, and 46 percent of our exports still involve raw materials, 18 percent foodstuffs and 36 percent semi-processed and processed products. The open approach of Japan, however, may change this picture.

Brazilian Partners Sought

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jan 86 p 28

[Text] After participating in a number of meetings with Brazilian industrialists in recent days, the eight members of the Advisory Council of the OTO, a body established by the Japanese government to inspect imported products, and which also seeks to promote trade exchange between Japan and other countries, departed last night for their home country, "taking with them optimistic impressions concerning the Brazilian productive sector," according to the head of the mission, Keizaburo Yamada.

Basically, the purpose of the trip made by the members of the OTO to Brazil was to familiarize Brazilian businessmen, especially those interested in marketing their products in Japan, with this body. The mission members had meetings with the directors of the Sao Paulo and Rio de Janeiro State Federations of Industries, and also met with the secretaries of industry and trade of these two states.

"Japan has an open approach to other markets," Keizaburo Yamada said, "and is even seeking to encourage the establishment of joint venture companies with private businesses in Brazil." The enterprises involved, however, the head of the OTO said, must be very well structured, so as to avoid producing articles which may not prove acceptable to the Japanese people. In order to guarantee "guided" production," the Japanese government is prepared to invest about US$ 4 billion in these joint venture companies in the coming years.

The plans for the Trade Cooperation Program, which the FIESP has termed "beneficial for the two countries," call for a number of seminars and discussions involving Brazilian and Japanese technicians. The head of the mission explained that the CACEX [Foreign Trade Department], the FIESP and the Association of Brazilian Exporters (AEB) have already promised to provide aid, insofar as they can, to facilitate these seminars.

At the conclusion of its mission to Brazil, the OTO made it known that Japan is seeking new trade partners, since protectionism on the part of the developed countries has increased.

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BRAZIL

CACEX PROJECTS REPETITION OF 1985 TRADE SURPLUS IN 1986

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jan 86 p 28

[Text] The January trade balance surplus may reach $700 million, as compared to $593 million for the same period last year. This information was provided in Sao Paulo yesterday by the director of the CACEX [Foreign Trade Department], Roberto Fendt, who confirmed that the monthly results are "10 percent higher than in January 1985." In a speech at an American Chamber of Commerce luncheon, Fendt predicted a trade balance surplus of $12.5 billion for this year, equivalent to that in 1985, with a significant increase in exports and imports. The director of the CACEX said that imports of equipment which are not produced domestically have already been authorized for the tanning industry. Also other sectors which need investments are being analyzed, in order to avoid bottlenecks in production for the domestic and foreign markets, and also with a view to technological modernization. The cellulose, paper and textile industries are in this industrial category.

Oil

Brazil is expected to save $800 million on oil imports in 1986, as a result of the increase in industrial production and the drop in the price of this product on the international level. Later this week, the CACEX will have a meeting with the PETROBRAS [Brazilian Petroleum Corporation] to reassess import values, which may drop even lower if the decline in prices on the international market continues. Gross purchases of oil came to $5.4 billion in 1985, not counting the export of byproducts.

When asked about the pressures exerted by wage increases in 1985 on the prices of export products, Fendt said that the foreign exchange-wage ratio last year "was not unfavorable to exports, despite the real gains for the workers." The CACEX director said that this real increase was offset both by the increase in productivity and the real gains obtained by exporters on foreign exchange. Fendt foresaw a similar prospect for 1986, with wages keeping pace with the increase in industrial productivity.

Dumping

The executive secretary of the Customs Protection Council (CPA), Jose Tavares de Araujo, is presently traveling abroad in connection with the improvements

being made in the anti-dumping code on the international level, which should lead to the drafting of legislation in this sector, of which the country has none at present, Fendt said.

The CACEX director noted that Brazil's tariff structure has not been updated since 1957, and he anticipates the adoption of protective measures consistent with the development of our domestic industry, as well as the approval of more customs tools.

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BRAZIL

BRAZIL'S INCIPIENT EFFORTS IN ARTIFICIAL INTELLIGENCE

Sao Paulo VISAO in Portuguese 22 Jan 86 pp 34-38

[Excerpt] In spite of the fact that some Brazilian experts have been doing research on artificial intelligence since 1970, the nation is taking its first steps in this new technology. The Brazilian effort is not on a par with the level of research taking place in the developed countries. And for about 3 more years, we will continue to be in the apprenticeship stage.

There are several nuclei at work. Rio de Janiero's PUC [Pontifical Catholic University] has developed the Automatic Knowledge Formulation System (Safo) and, based on that project, the "Doctor" was created, a system to assist in medical diagnoses which is currently in the final implementation phase in the field of pneumology. At the Military Institute of Engineering, Emmanuel Passos's team is concentrating on basic artificial intelligence software, in addition to working on applicable programs such as the specialized system for analysis of financial balance sheets, which draws conclusions concerning the financial situtation of companies. At the Federal University of Rio Grande do Sul, there is also a strong center of artificial intelligence research, emphasizing microelectronics and the development of basic languages. It is producing software suitable for teaching.

Created at the beginning of 1984, Embratel's artificial intelligence center developed a nutritional guide within the Ciranda project which was based on studies in natural language. Through a simple system of questions and answers in Portuguese, the user receives a diet tailored to his physical characteristics and lifestyle. The intention is to make this prototype more sophisticated in order to develop tools in the future that will support the company's activities. For that purpose, an agreement was signed with the Space Research Institute (Inpe), one of the organizations with the longest tradition in this area, and one that has been carrying out studies in the fields of representation of knowledge and of specialized systems for automatic classification of satellite images.

At the end of 1985, in a specific seminar on artificial intelligence promoted by the Special Secretariat for Computers (SEI). it was clear that there was a general feeling of the extreme weakness of the development of artificial intelligence in Brazil in spite of the high level of isolated research of the various groups.

In the diagnoses that were made, there arose as principal villains: the scarcity of human, technical and financial resources; the isolation of initiatives; the lack of recognition on the part of society and big potential buyers in particular of the practical possibilities of artificial intelligence; the lack of a national policy for this sector; the continuing importing of tools and the use of imported language; and the lack of stimulus for application in industry--among a considerable list of problems.

For Lisiong Shu Lee, from Sid, "it is necessary for the country to be aware of the fact that there is a new technology whose impact will be greater than that of the computer. Today, artificial intelligence is associated with robotics and unemployment. It is necessary to demystify that, because there will be a relocation of the work force and not unemployment. What is real is that artificial intelligence is growing violently in the world and certainly must explode."

Among Brazilian specialists, there are some points of disagreement--for example, concerning the role of the universities and private enterprise in the development of artifical intelligence. The former are accused of daydreaming and the latter is accused of immediatism. Another controversy involves whether or not to concentrate the work of the research centers.

All the interested parties, however, both academicians and representatives of private enterprise, are of the same opinion on one point: artificial intelligence is a strategic technology. According to Kival Chaves Weber, the SEI's undersecretary for strategic affairs, "This is the great point of departure so that we will know how to fit artificial intelligence into the scope of the Computer Law. It is urgent that it also be discussed as a strategic topic in the National Computer Plan (Planin). There ought to be a debate in that field so that we will have adequate answers and safe paths to follow. Should artificial intelligence receive the same privileged treatment as microelectonics and software? I do not know. What should happen is a definition which has the backing of society, because we are dealing with a matter of vital interest to the country."

Manoel de Morais Andrade, from Biosapiens, the first domestic firm created to act specifically in the field of artificial intelligence, sees an immediate need to protect the infant artificial intelligence market through the Computer Law. "The specialized systems require imported tools and the gaps that the Computer Law has for such importing can be forced by pressure from users, preventing such tools from being developed within the country. The market in Brazil is still an unknown. A clear interest exists, but its dimensions can only be guessed at. What seems beyond question is the fact that there is going to be war in this sector. The multi national firms have already given a preview at the last Computer Fair in Sao Paulo. It is necessary for domestic firms to come in with investments now; 3 years from now won't be enough, because the stakes will be too high, much higher than what our domestic companies have at their disposal."

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BRAZIL

GOVERNMENT AID TO S&T SURVEYED

Brasilia REVISTA BRASILEIRA DE TECNOLOGIA in Portuguese Nov-Dec 85 pp 68-72

[Text] The states of the Union allocated 984.6 billion cruzeiros from their Treasuries to science and technology in 1985. Representing only 1.4 percent of total state Treasury revenues, that is the lowest level of participation in the past 5 years, with state S&T investments totaling only one-third of the approximately 3.3 trillion cruzeiros in Federal allocations to S&T in 1985.

The financial data presented here were taken from each state's Appropriation Act. The criterion adopted was the same as that used in drawing up the Federal S&T budget--that is, the basis of this work is the S&T universe established on the basis of the Functional-Programmatic Classification. Exceptions were made, however, for the purpose of correcting classification problems in the budgets. Thanks to joint work by experts from the CNPq [National Council for Scientific and Technological Development] and the state systems, it was possible to reevaluate completely the functional-programmatic classifications adopted in the state and territorial S&T budgets.

That work, begun by the CNPq in 1980, has been published annually in consolidated form in the publication "Science and Technology Budget--States and Territories." The analysis presented here is based on the latest document in that series (1985).

Recent Development of S&T Spending: 1981-1985

The sum total of 984.6 billion cruzeiros allocated by the states in fiscal 1985 to the start of S&T activities exceeds the previous year's amount by 0.5 percent, but in real terms, it does not continue the rising trend that occurred in the 3-year period from 1981 through 1983, when higher positive growth rates were noted (see table 1 and graph 1).

That slowdown can be seen as reflecting overall budget containment. The S&T funds initially budgeted in 1985 are slightly higher in real terms than those in the previous year, but they are 6 percent below the base year of 1981.

But that financial retreat must not be interpreted as a weakening of the sector, since--parallel with direct financial investment by the states--the

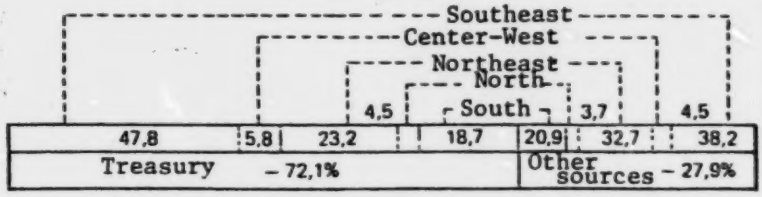
Table 1

State and Territorial S&T Appropriations: 1981-1985

Year	Current cruzeiros	Constant cruzeiros Jan 85*	Rate of growth at constant prices (%)
1981	25,3	1.050,6	–
1982	52,2	1.174,7	11,8
1983	122,7	1.275,7	8,6
1984	282,9	939,1	- 26,4
1985	984,6	984,6	0,5

• Corrected for General Price Index-DI, January 1985

Graph 1



CNPq's establishment of the State S&T Systems has succeeded nationwide in making state governments aware of the need to deal appropriately with the S&T component as a means of making their action plans possible.

With 19 systems now established and 10 plans in operation, the hope is that the states will become more autonomous in coordinating and executing their S&T activities.

Another important factor to be addressed is the component consisting of funds from other sources. That component is becoming less and less uncertain every year and assuming the characteristics of a permanent counterpart to Treasury funds. In 1985, 380 billion cruzeiros are to be added to the Treasury component, representing 28 percent in additional funds. Through Bahia, the Northeast is the outstanding provider of such funds (table 2).

Moreover, even that is not the total amount, since not all states make the sources of other funds clear when they prepare their initial draft budgets. They do so in the course of the budget year, when the organizations in question actually contribute their funds in the form of corrected distributions, with the result that the budget units look more closely at the reality of their S&T scheduling throughout the fiscal year.

In terms of prospects, attention should be drawn to the allocation by the Secretariat General of the Presidency of a sizable sum in 1985 to "the support

of state S&T systems." The continuity of that Federal budget support from Treasury revenues is about to become essential in the eyes of state planning agencies, since it represents a permanent counterpart to S&T activities now underway that were designed in the form of government plans and goals.

Table 2
S&T Budget Appropriations by States and Territories According to Source of Funds--21985

Regions, states, and territories	Funds from all sources: Treasury	Other sources	Millions of cruzeiros: Total
North	44.048,3	6.502,4	50.550,7
Acre	4.200,0	–	4.200,0
Amapá	13.493,4	6.502,4	19.995,9
Amazonas	13.456,0	–	13.456,0
Pará	7.579,9	–	7.579,9
Rondônia	3.619,0	–	3.619,0
Roraima	1.700,0	–	1.700,0
Northeast	228.771,1	218.111,9	446.883,0
Alagoas	13.572,2	–	13.572,2
Bahia	63.749,0	153.483,9	217.232,9
Ceará	34.691,1	54.518,0	89.209,1
Maranhão	8.904,0	9.895,0	18.799,0
Paraíba	51.055,8	–	51.055,8
Pernambuco	34.682,6	–	34.682,6
Piauí	6.126,0	–	6.126,0
Rio Grande do Norte	7.641,1	–	7.641,1
Sergipe	8.349,3	215,0	8.564,3
Southeast	470.149,2	50.068,5	520.217,7
Espírito Santo	23.217,3	13.755,2	36.972.5
Minas Gerais	149.458,8	23.726,2	173.185,0
Rio de Janeiro	26.626,7	12.587,1	39.213,8
São Paulo	270.846,4	–	270.846,4
South	184.374,9	101.181,6	285.556,5
Paraná	80.179,5	95.394,3	175.573,8
Rio Grande do Sul	67.914,8	–	67.914,8
Santa Catarina	36.280,6	5.787,3	42.067,9
Center-West	57.245,9	4.506,4	61.752,3
Federal District	4.751,7	–	4.751,7
Goiás	9.142,9	38,0	9.180,9
Mato Grosso	39.864,3	769,0	40.633,3
Mato Grosso do Sul	3.487,0	3.699,4	7.186,4
Total	984.589,4	380.370,8	1.364.960,2

Regional Approach

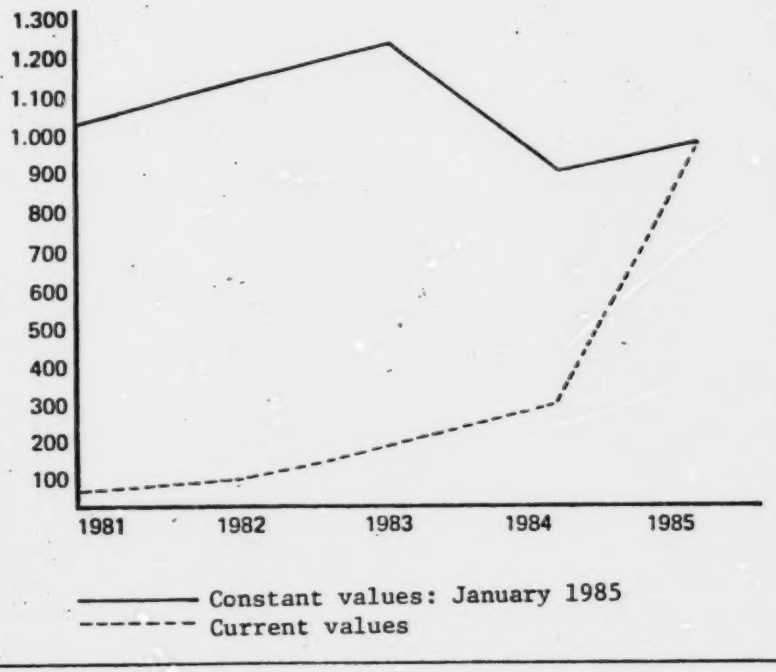
S&T appropriations from the state Treasuries by region during the 5 years from 1981 to 1985 have continued to be concentrated in the Southeast and Northeast, both because of the larger S&T budgets in such states as Sao Paulo and Minas Gerais and because of the number of states in the Northeast, which has nine states, or twice the number in any of the other regions (table 3 and graph 2).

Also noted during this same period is a downward trend in the rate of participation by the Southeast and Center-West Regions in the combined state

Table 3
Percentage Distribution of S&T Funds by Region
1981-1985

Region	Year 1981	1982	1983	1984	1985
Southeast	59,8	57,3	53,0	51,4	47,8
Northeast	17,6	18,0	23,7	23,2	23,2
South	11,7	14,2	14,4	17,3	18,7
Center-West	9,0	7,2	5,5	5,6	5,8
North	1,9	3,3	3,4	2,5	4,5

Graph 2
Reconciliation of S&T Investment--1985



S&T budgets, with a more important place being taken by the South, Northeast, and North Regions. The relative growth in those three regions as far as S&T at the state level is concerned is due chiefly to the sizable effort made by the states of Parana, Rio Grande do Sul, Bahia, Ceara, Paraiba, Pernambuco, Acre, and Para to identify resources and correctly classify scientific and technological projects and activities in their budgets.

The Southeast's position of leadership is far from being threatened by any other region, however, since it is the most developed region economically and must generate ever-increasing funds to satisfy its equally increasing need for research and also attain even higher levels of S&T development as a result of investments already made. In other words, S&T expenditures have a growing effect on themselves by requiring ever-higher levels of investment to produce economic development, which in turn stimulates and requires new scientific and technological activities and research. The Southeast's supremacy in science and technology is therefore linked structurally to that region's economic hegemony in the country. Moreover, if the state governments in Rio de Janeiro, Minas Gerais, and Sao Paulo commit themselves to the technical work involved in revising the budget classifications currently in use, their S&T universe will expand immediately with no real increase in funds.

Sectoral Approach

The sectoral data summarized in table 4 show that the agricultural sector is the major beneficiary of state S&T investment as a whole, accounting for 54.4 percent of the total S&T funds in all the states. Minas Gerais is the state investing the most in this sector, followed by Sao Paulo and Parana, which together account for 45 percent of the total for that sector. It is worth pointing out that agriculture is the only sector to which all 26 states and territories allocate S&T funds.

In second place is the sector of scientific and technological development. This concerns scientific and technological research that cannot be broken down by sector as well as support for postgraduate courses in the state universities. It accounts for 15.2 percent of state S&T funds and represents direct participation by 19 states and territories.

S&T coordination and infrastructure is the third-largest sector at 7.9 percent. That is not a significant amount, considering that it includes all S&T policy and planning activities as well as construction of the necessary facilities and all kinds of basic intersectoral support for the research carried out by 15 states.

Education and culture and environment and natural resources account for only 4 percent each, with 17 states being directly involved in S&T activities related to natural resources.

Receiving about 3 percent each are the sectors of health and nutrition and urban development, housing, and sanitation. The amounts in this case are considerably underestimated due to the technical difficulties encountered by the state governments in identifying S&T activities in those sectors.

Table 4

State S&T Expenditure by Third PBDCT [Basic Plan for Scientific and Technological Development] Sector

State	Sector: (1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(16)															
AC															
AM															
PA															
RO															
AP															
RR															
(17)															
AL															
BA															
CE															
MA															
PB															
PE															
PI															
RN															
SE															
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ES															
MG															
RJ															
SP															
(19)															
PR															
RS															
SC															
(20)															
DF															
GO															
MT															
MS															
(21)															
(22)															

Key:

1. Agriculture
2. S&T development
3. S&T coordination and infrastructure
4. Education and culture
5. Environment and natural resources
6. Health and nutrition
7. Urban development, housing, and sanitation
8. Earth sciences and mineral technology
9. Industry
10. Energy
11. Meteorology and climatology
12. Transportation
13. Data processing and communications
14. Labor
15. State total
16. North
17. Northeast
18. Southeast
19. South
20. Center-West
21. Sector total
22. Sector share of grand total

States and territories:

AC Acre
AM Amazonas
PA Para
RO Rondonia
AP Amapa
RR Roraima
AL Alagoas
BA Bahia
CE Ceara
MA Maranhao
PB Paraiba
PE Pernambuco
PI Piaui
RN Rio Grande do Norte
SE Sergipe
ES Espirito Santo
MG Minas Gerais
RJ Rio de Janeiro
SP Sao Paulo
PR Parana
RS Rio Grande do Sul
SC Santa Catarina
DF Federal District
GO Goias
MT Mato Grosso
MS Mato Grosso do Sul

Earth sciences and mineral technology and industry, both of which also involve problems of technical identification but are important in the budgets for S&T projects and activities, are receiving about 2 percent each.

Next comes energy at 1.5 percent, followed at the very end by meteorology and climatology, transportation, data processing and communications, and labor, each of which is receiving a very insignificant 0.2 percent. With the exception of transportation, there is little general involvement by state governments in this latter group of sectors as a whole. They fall more within the sphere of the Federal Government or private enterprise.

Effort by Each State

We cannot neglect to correlate the total revenues of the state Treasuries with each state's appropriations for S&T, thus providing a relative view of the effort being made by each state or territory in the quest for national scientific and technological development.

This is only one possible indicator for assessing state performance in the field of science and technology, since it is also possible to measure that effort in terms of investments by state-owned enterprises, non-Treasury sources of funds, private or Federal S&T investments in the states as a result of state policies, strategic planning, economic incentives (tax and credit policies and so on), and the support provided through the state banks, whose financing of S&T projects is also not included here.

This means that the percentage of total state Treasury funds devoted to S&T reflects only direct state support for the development of science and technology (see table 5). By that indicator, the leading states in 1985 are Paraiba (6.1 percent) and Minas Gerais (3.6 percent). Paraiba is currently the state with the best budget classification of its S&T activities. In all the other states, there are varying degrees of inadequacy in classification, with the result that the real universe of S&T funds is underestimated.

In a second group are 11 states (the majority) whose degree of participation in S&T through their Treasuries ranges from 2.5 to 1.5 percent. The largest in this group are Mato Grosso (2.5 percent), Amazonas (2.4 percent), and Espirito Santo (2.0 percent). Also deserving of mention in this group is Parana, which has the best state structure for budget planning and followup in the field of science and technology. That structure was established by the State Planning Secretariat with direct coordination by the executive secretary of the State Council for Science and Technology.

In third place are eight states whose participation ranges from 1.4 to 0.8 percent. This group includes Sao Paulo at 1.2 percent, the reason being considerable shortcomings in the Functional-Programmatic Classification used in drawing up that state's budget. Those shortcomings undoubtedly resulted in a considerable understatement of that state's appropriations to S&T.

Next are the Federal District and Mato Grosso do Sul at 0.4 percent, again due to problems in using the Functional-Programmatic Classification as well as in

Table 5

S&T Share of State Budgets--1985 Treasury Funds

State or territory (in descending order)	Total budget (billions of cruzeiros)	S&T share of total budget (%)
São Paulo	21.730,6	1,2
Rio de Janeiro	9.679,6	0,3
Rio Grande do Sul	8.125,0	0,8
Bahia	4.700,0	1,4
Paraná	4.371,4	1,8
Minas Gerais	4.202,4	3,6
Santa Catarina	2.051,4	1,8
Pernambuco	1.928,2	1,8
Ceará	1.889,3	1,8
Mato Grosso	1.616,9	2,5
Espírito Santo	1.182,5	2,0
Goiás	998,0	0,9
Pará	990,9	0,8
Federal District	990,0	0,4
Mato Grosso do Sul	988,9	0,4
Paraíba	836,4	6,1
Maranhão	755,0	1,2
Alagoas	696,3	1,9
Piauí	511,1	1,0
Amazonas	550,0	2,4
Rio Grande do Norte	525,2	1,5
Sergipe	464,2	1,8
Rondônia	351,9	1,0
Acre	256,0	1,6

determining the actual size of the S&T universe at the technical level in the state administrations.

In last place is the state of Rio de Janeiro, which is encountering the most difficulty in classifying its funds budgeted for S&T. For example, the 0.3 percent of Treasury funds devoted to S&T development by that state excludes such sectors as health and nutrition, transportation, earth sciences and mineral technology, data processing and communications, and energy and underestimates others such as education and culture, industry, and scientific and technological development, which, to cite only one example, does not include any part of Rio de Janeiro State University's S&T budget.

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CSO: 3699/1

BRIEFS

BELGIAN STARFIGHTER OFFER--The F-104 Starfighter that the Belgian government is offering to the Ministry of Aviation as an alternative for the program to re-equip the FAB's air defense and fighter squadrons with more modern, second-hand aircraft is one of the most controversial supersonic planes in the history of military aviation. Minister Octavio Moreira Lima confirmed receipt of the Belgian offer, but regarded it as "one of several proposals being examined in Brasilia since the Air Force announced it was interested in acquiring planes for its squadrons flying air superiority missions." The configuration of the plane Belgium is offering to the FAB is similar to the Super, but there is no information regarding the degree to which it has been modernized. The technical data are as follows: GE/J79 engine with 7,167 kg of thrust, maximum speed of 2,092 km/hour at a height of 16,000 meters. Equipped range without extra tanks: 1,100 km. Basic weapons: one GE 20-mm cannon, plus two Sidewinder type air-to-air missiles and provision to carry up to 1,814 kilos externally: extra fuel, missiles, rockets, or, possibly, light-weight bombs. The primary problems of the F-104 are maintenance, which is very difficult in a complicated aircraft, the relatively small weapons capacity and, primarily, the technological age of the main design: 34 years. [Excerpts] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Jan 86 p 2] 9805/9738

AGRARIAN REFORM ALONG AMAZON BORDER--In a quick interview with reporters yesterday in Macapa, President Sarney said that agrarian reform is an essential part of the government's plan to develop the Amazon region. He referred to a plan to occupy, the entire northern channel of the Amazon River covering a vast arc of land from the west to the east along the borders with Colombia, Venezuela and Guyana. According to a plan that is being reviewed by the Ministries of Planning, Foreign Affairs and Interior, in addition to the National Security Council, the government could invest 680 billion cruzeiros in the next 5 years to reinforce the services infrastructure in this deserted part of the Amazon. This would bring settlers into military settlements, such as the one Sarney visited yesterday in Amapa, as nuclei to spread Brazilian presence in this region. During his 12-hour visit, part of a tight schedule, Sarney gave some signs of his government's interest in strengthening its presence in the Amazon border zone. A project of the Figueiredo government was inangurated (a 600-meter concrete bridge which ended up bearing the name of Tancredo Neves because

of the new politicians who completed it) and he promised to continue a project started under previous administrations, the Coaracy Nunes hydroelectric plant. With the bridge it will be possible to go from the capital of Amapa to the border, or over 680 km, without needing to transfer to a ferryboat. Installation of another turbine in the plant, increasing its capacity (from 40,000 to 70,000 kW) will make it possible to set up new industries to replace the manganese mines which are becoming depleted after 30 years of mining. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Jan 86 p 23] 9805/9738

STEEL PRODUCTION INCREASE--Brazilian production of crude iron increased in 1985 by 11.2 percent over the previous year, reaching a volume of 20.4 million tons as compared to 18.3 million tons in 1984. The information was published by the Council for Non-Ferrous Metals and Steel (CONSIDER) of the Ministry of Industry and Commerce. Semi-manufactured goods for sale were the steel products which showed the greatest percentage growth during the period in question, for a total of 34.6 percent. This is attributed to the Tubarao Steel Company, which accounted for 32.4 percent of this total with an output of 2.6 million tons as compared to 2 million tons for the same period in 1984. The largest output of crude iron by a firm was recorded by the National Steel Company (CSN) of the Siderbras group, with a total of 3.4 million tons. The other firms with large outputs were: Usiminas with 3.3 million tons; CST with 3.1 million tons; and the Paulista Steel Company (COSIPA) with 2.6 million tons. These firms are also part of the government group Siderbras. Brazilian exports of steel products dropped by 14.1 percent during the first 11 months of last year in comparison with the same period in 1984, with receipts of $1.9 billion as compared to $2.026 billion. Exports of cast iron declined during the period in question by 5.2 percent and steel alloys increased by 0.5 percent. The 1985 trade balance for the metallurgical sector showed receipts of $2.4 billion under exports and imports of $312.4 million, leaving a positive balance of $2.1 billion. In 1984, the trade balance for the sector was positive at $2.2 billion, with export receipts totalling $2.5 billion and $314.4 million for imports. [Excerpt] [Sao Paulo O ESTADO DE SAO PUALO in Portuguese 9 Jan 86 p 30] 9805/9738

AMAZONIA SATELLITE IMAGERY--Amazonia will be able to follow its settlement and study its resources by satellite images. Beginning in March, a remote sensing center assembled by SUDAM (Superintendency for Developing the Amazon Region) and INPE (National Institute for Space Research) will start operations. Experts from the two agencies will store and analyze data contained in the images from the Landsat satellite which will pass over the Amazon region every 18 days. INPE will pass the computer tapes on to SUDAM, and they will be stored in the center to be consulted by users, and for use in projects initiated by SUDAM itself and other government agencies. With the data from the satellite, SUDAM will follow agricultural and livestock projects for which it provides financial assistance and tax exemption. But it will also be possible to draw up geological maps, deforestation

analyses, flood forecasts, water quality analyses and other studies. It is on the basis of satellite images, for instance, that the Federal Police monitored the expanded planting of epadu on the Brazilian border with Colombia. The agreement between SUDAM and INPE may have an initial term of five years. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jan 86 p 10] 9805/9738

BRAZIL TO MANUFACTURE OWN RADARS--Yesterday in Rio, the Ministry of Aeronautics signed a contract with the Tecnasa company to furnish 10 meteorological radar installations, equipment for which Brazil will no longer be dependent once the technology is mastered by the Aerospace Technical Center (CTA) and the project is turned over to private initiative. The contract was signed by Minister Octavio Moreira Lima on behalf of Aeronautics, and by Tecnasa's president, Agenor Luz Moreira. The entrepreneur stressed the participation in the project of the assistant director of the Aerospace Technical Center, Brig Sergio Ferolla and Brig Hugo De Oliverira Piva. Each radar with the characteristics of the one that will be produced in Brazil currently costs $1.2 million on the international market, and that cost becomes higher due to he fact that each country needs many of them to insure effective control of air traffic and adequate safety for civil aviation. According to the contract, Tecnasa will first have to produce a radar to be examined by the Ministry of Aeronautics (which is routine in matters of this type.) Then it will manufacture 10 units of the equipment which will be used for flight safety to ensure a higher rate of air traffic control. The contract signed by the Ministry of Aeronautics has a value of approximately $4 million. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Jan 86 p 8] 9895/13068

WELDING RESEARCH--Cosipa (Metallurgy Company of Sao Paulo) yesterday signed a technical cooperation agreement with the National Institute of Technology (INT) for application, among others, in the field of materials welding. Signing the document at the INT were the organization's general director, Paulo Roberto Krahe, and Cosipa's engineering director, Israel Aron Zyulberman. Growing international competition in steel products and especially in steel for gas and oil pipelines is demanding constant technological improvements in the Brazilian iron and steel industry and in the manufacture of pipe. The first project of technical cooperation will involve Confab Industrial, a pipe manufacturer, in the line specified by API (American Petroleum Institute). The project is going to develop processes of circumferential electric arc welding by and is scheduled to be finished in 12 months. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portugese 24 Jan 86 p 29] 9895/13068

CSO: 3699/3

APPOINTMENT OF BOGOTA MAYOR SAID POLITICAL SURPRISE

Bogoa EL TIEMPO in Spanish 8 Dec 85 pp 1-A, 5-B

[Article by Gloria Moanack]

[Text] "Bogota should look toward the Sabana and not turn its back on a region that gives it everything," the new mayor of Bogota, Diego Pardo Koppel, said yesterday.

A lawyer with a degree from Javeriana University, with a master's degree in comparative law from Southern Methodist University of Dallas, Texas, Pardo Koppel becomes, at the age of 35, the youngest mayor ever of Colombia's capital city.

A few hours after receiving the offer of the job from President Belisario Betancur, to replace Hisnardo Ardila Paz, Pardo announced tht he accepts the post as "a very interesting challenge that one cannot allow to pass." He said that this afternoon, Sunday, he will meet with the President to go into the details of various matters connected with his new mission.

The young lawyer, who has been executive director of CAR [Bogota Plain and Ubate and Chiquinquira Valleys Autonomous Regional Corporation] since 1982, admitted that Betancur's offer of the job had been "a total surprise" but he seemed optimistic and confident. "I think I have the ability to meet this challenge," he said.

Sitting in the living room of his home with his wife Maria Isabel Cuellar and his children Diego, Cristina and Daniel, the new mayor said his feelings were a mixture of "hangover [guayabo] and nervousness." "Of course I'm afraid," he said, "but knowing the city's problems as I do, with the support of the President and with the agreement I shall reach with the various groups in the City Council, I shall achieve an administration without sudden alarms or spectacular events and will manage to hand over a city in good shape."

Pardo added that in spite of not having had time to design a specific program, his administration will follow through from CAR--the Regional Autonomous Corporation of the Valleys of Ubate and Chiquinquira--until it brings about a real integration between the country's capital, the Sabana (plain) of Bogota and the state of Cundinamarca.

The Appointment

The appointment of Diego Pardo, a Betancur Conservative, was received with great surprise in the capital's political circles, but it was also described as an outstanding choice by the city councilmen who were meeting to debate the approval of the budget for the District's decentralized institutes.

Until late Friday afternoon there was growing uncertainty about the name of the successor to Ardila Diaz, who had presented his resignation Thursday, under pressure from irregularities discovered in connection with payment of bills for his daughter's wedding.

"It was 7:30 in the evening and I had just arrived home after spending the whole day at meetings with the CAR farm unions when President Betancur called me," Pardo Koppel said.

"I accepted at once, although it was a total surprise, because as the President himself said, it was a challenge I could not let go by," he added.

Little Things

The new mayor will not go in for "bombastic" projects. "It will be, as Foreign Minister Augusto Ramirez Ocampo said when he was mayor, a revolution of little things."

And during the next few months, before the change of government, he will concentrate on continuing programs already underway: pressing on with bids for the aqueduct, getting down to details and pushing ahead with Ciudad Bolivar, working on better programs for public safety in Bogota.

"There will also be a drive in the area of recreation. When people don't see concrete works they think this isn't important. But I do think it is very important because it means detoxifying the city."

He will also work on the garbage collection program. Already as director of CAR, Pardo Koppel had laid out important plans, connected mainly with the creation of sanitary landfills.

From his work at CAR he will transfer to Bogota advanced studies of the hillside diggings and, he announced, will establish the regulatory framework that will bring a final solution to one of the main problems affecting the city.

With Cundinamarca

In his first statements, and making clear that these are only preliminary ideas that are far from any kind of sloganeering program, Diego Pardo said that it is basic to integrate Bogota with Cundinamarca.

"The Sabana must survive and produce. And Bogota, almost unconsciously, is invading it and causing it great damage," he said.

Pardo Koppel will continue with the plans made at CAR for the recovery of the Bogota River and the installation of a treatment plant for the river's waters.

Restructuring

Pardo Koppel is coming to the mayor's office at a time when, as he himself recognizes, the country's capital is the victim of total administrative disorganization and of strong confrontations between its political groups.

"The mayor needs a more flexible structure to be able to act," he said. "But this is a task that does not only depend on him. Administrative disorganization is the result of a structural problem."

In his administration he will also seek a political consensus. "It's a question of motivating politicians and making them see that it benefits everybody to reach agreements that are for the good of the city. Because this is not a political benefit exclusively for the mayor."

In this direction, he added, he will begin conversations with the major groups in the Council to achieve basic agreements.

12856/12274
CSO: 3348/300

COLOMBIA

LIBERALS ANALYZE FAILURE OF CURRENT ECONOMIC POLICY

Bogota EL TIEMPO in Spanish 9 Dec 85 p 8-E

[Text] The increase in the unemployment rate and the deterioration of the quality and security of employment in the country are the most palpable demonstration of the failure of the economic policy of President Belisario Betancur's government, according to a statement issued last week by the Council of Liberal Legislators.

In a long analysis of the government's policy with regard to the country's economic and social problems, the Council said that "the economic strategies applied by the government to face the 'straightening-out' period as it is usually called, have been eminently contradictory and give evidence of a lack of foresight to a high degree, lack of coordination and continuity, that are contrary to a minimum planning program."

According to the Liberal declaration, the government has made use of three well-defined strategies in the three long years of its mandate that present the characteristics pointed out.

"The first strategy was based on a policy of reactiviating the economy, expanding internal demand, by means of wage readjustments over and above the rate of inflation, high volume of imports, large public expenditures, a growing fiscal deficit and selective programs of aid for the business sector, financed by the issuing of new money by the Bank of the Republic.

This strategy, according to the document, was abruptly interrupted by the growing deficit in the trade balance, and gave way, in August 1984, to "a second strategy characterized by the decision to stop dead in its tracks the weak process of reactivation" that had been achieved with the previous strategy.

The Liberals say that an economic adjustment program with self-discipline, as it was called, was set in motion, with the main aim of "ending the deficits in the external and fiscal sectors, and at the same time creating conditions for sustained growth of the economy in the medium and long term, within a context of price stability," in the words of the Minister of Finance at the time, so that the axis of the policy shifted towards adjustment of the external sector by means of a generalized contraction of internal demand.

And an agreement was signed with the International Monetary Fund that differed from the normal negotiating procedures with that institution, consisting of a

so-called "monitoring" by which the entity assists the country as a witness in giving testimony of the autonomous efforts being made to adjust the economy.

Monitoring Equivalent to Stand By

The Liberal document affirms that this "monitoring was presented as a novel plan that left intact the country's sovereign power of initiative. However, the reality is that we had not been subjected to more severe and burdensome conditions in order to obtain the Fund's backing than those that have been imposed under the monitoring plan."

"It is becoming clear," it adds, "as details become known that the ties to the Monetary Fund under the 'monitoring' procedure are equivalent to those under a Stand By agreement, to the extent that certain goals have to be met; and that the difference is that under the 'monitoring' plan the country receives no contingency loans from the Fund to strengthen its balance of payments. Furthermore, the Stand By agreement, duly negotiated beforehand between the parties, is not so fragile as the monitoring procedure, which may be interrupted by the indiscreet publication of a memorandum, bringing with it serious damage such as has happened with the payment of $1 billion negotiated with the international financial community."

The Liberal document also maintains that "the reduction of the external imbalance has been accompanied by the highest unemployment rate ever registered in the country, a decline in workers' real wages, a cutback of public expenditures for social purposes and the aggravation of the recession through the weakening of internal demand, so that the overall growth rates of the economy will be much lower (in 1985) than last year's rates, even without taking into account the recent catastrophe of the Nevado del Ruiz" (volcano eruption).

The third strategy, the Liberals say, is implicit in the economic adjustment program, and has to do with the liberalization of international trade and the opening up to foreign capital. This strategy, they assert, "runs counter to the policy applied to correct the misadjustments in the balance of payments and sacrifices to a large extent the internal objectives."

As for the opening up to foreign capital, the Liberals say that "it is turning into a panacea for the government and not a mere complement to the internal effort to make the maximum use of the country's natural and human resources."

The Liberal document also criticizes the new law on free trade zones, which it considers to be another manifestation of the opening-up policy. "Copying the models of Southeast Asian countries, which have nothing to do with our reality and possibilities, the way has been opened for the creation of veritable enclaves for foreign capital in special customs zones, in which free trade and free foreign exchange operations would prevail."

Balance Sheets

On the basis of the preceding ideas, the Liberal declaration draws up a balance sheet of the country in six areas: 1. Growth, employment and economic reactivation; 2. External sector; 3. Fiscal deficit; 4. Inflation; 5. Entrepreneurial and financial system; and 6. Social situation.

As regards growth and employment, the document says that "for four years the Colombian economy has been in a persistent recession that has translated into a growth rate that does not exceed the growth of the population." This, it says, is a retrogression with respect to income and implies a constantly diminished use of the country's resources. "The present government inherited an unemployment rate of 7.5 percent and today this rate has risen to 14.2 percent in the four biggest cities, which means an army of 1.2 million unemployed.

The document also attributes to the drastic drop in employment a growing trend towards odd jobs with low productivity, no social contributions or social security benefits, which have caused such a deterioration in the country's labor picture. And it affirms that "as long as there is no definite policy to spur the productive system it will prove impossible to generate jobs."

With regard to the external sector, the Liberals recognized the progress made by the government toward getting the trade balance into equilibrium and stabilizing the amount of reserves, but they make a number of comments on the way in which these goals have been attained.

They criticize particularly the delay in adopting the policy, which if it had been applied in time, would have allowed "achieving simultaneously a spur to economic growth and external equilibrium."

With regard to accelerated devaluation they say that it will undoubtedly bring about favorable effects in the medium term, "but also harmful consequences that could have been avoided, such as the resurgence of inflation due to the increased prices of imported inputs."

The Fiscal Problem Continues

With regard to fiscal matters they recognized the undoubted progress achieved in connection with income but say that this has been neutralized by the increase in expenditures, especially operating costs. And they say that the major plans, such as those intended to reform the public administration, the state system of contributions and the education sector, have got stuck halfway as mere legislative bills.

Furthermore, they criticize the way in which the budget has bee prepared in recent years, covering up the real fiscal situation of the country. They refer especially to the 1986 budget and say that its initial appropriations are lower than the needs foreseen for the normal functioning of government. They say also that the cut in the fiscal deficit presented as an achievement by the government has been attained in large part by damming up expenditures and postponing them from one year to another. "In 1985 more than 120 billion pesos will be unpaid and be carried over to 1986."

"No less disquieting," the document says, "is the recurring financing of the budget, to a substantial extent, with the issuing of money that is substituting for resources derived from the profits of the special foreign exchange account."

Turning to inflation, the Liberal statement says that its recent decline "cannot be interpreted as a success for government policy in controlling the inflationary process," but rather as a fact due in its entirety to favorable and temporary developments in the food supply. It adds that in fact "the main factors bringing about price increases have not been brought under control and on the contrary this [inflationary] process is extremely dynamic." The document refers in particular to the effect in pushing up inflation brought about by "the issuing of money by the Banco de la Republica in order to finance a great part of the fiscal deficit."

Going on to analyze the entrepreneurial and financial system, it says that the system "is going through an unprecedented crisis that has not been overcome despite the government's efforts, especially in the punitive aspect."

Businesses, it says, have an extremely high level of debt and a serious level of decapitalization. It asserts that "the situation of the banks and the financial system is no less grave. The banks are in a period of serious illiquidity and an appreciable reduction of their profitability."

The document mentions the two factors that are creating serious difficulties for the financial system to be able to contribute to the reactivation of the economy: high interest rates and competition with the private sector by government securities in the country's thin capital market.

Regressive policies

On social matters the document recognizes the importance of programs such as housing with no down payment, the campaign against illiteracy, mass vaccination and university extension courses, but it adds that "together with these programs are marching regressive policies that have a profound impact and injure the welfare of the great majority of the population, the ultimate end of economic development."

It asserts in this regard that the weight of the economic adjustment program agreed to with the international organizations is falling aggressively on the popular classes and that "the obvious manifestations of this phenomenon are visible in the dramatic increase in unemployment, the budgeted cutback of social investments, the increased charges for public services and the deterioration of real wages."

As for the social reforms intended to change the structure of property, the document says that "they have fallen behind due to their tardy introduction in Congress or the indolence of the government in promoting them."

The document concludes by stating that it is therefore "up to the Liberals to undertake the great task of finding a way out of this stagnated process of economic development and of deepening social imbalances, such as had not been experienced by the country before. The present Conservative government has dedicated its best efforts to correcting immediate dislocations, without making a long-term effort, under a coherent strategy, to face up in the long run to the nation's problems."

"The economic reconstruction that is talked about, in the face of such explosive fiscal, financial, economic and social dislocations as have been described is no more than a pious legend as an illustrious Liberal ex-president put it. Rather than tackling reconstruction, the conservative govenrment has put off solutions and has temporarily dammed up the problems."

"The great challenge that the next Liberal govenrment will have before it, with full responsibility, will be immense, but not beyond the vast experience of its government teams, its many achievements in administration and its advanced economic and social conceptions."

12856/12274
CSO: 3348/300

COTTON GROWERS TO RECEIVE OPERATING CAPITAL CREDIT

Bogota EL TIEMPO in Spanish 15 Dec 85 p 8-B

[Text] Cotton growers will receive 4 billion pesos in credits as operating capital which will allow them to finance the Costa-Meta crop for export, the general manager of Almagrario, Alvaro Nicanor Hernandez, reported.

The Agrarian Bank has already approved two billion pesos for Conalgodon and is studying an application for one billion pesos from Federalgodon, while the Cattlemen's Bank is considering a one-billion-peso loan for Federalgodon and Coocesar. These funds will back the pledge bonds for the cotton to be stored with Almagrario, which will deliver it as exports proceed. It is estimated that about 70,000 bales will be warehoused.

The financing was approved by Proexpo, in accordance with Resolution 59 of 1972 handed down by the Monetary Council. With regard to the financial condition of Almagrario, Nicanor Hernandez reported that the entity made a profit of 35 million pesos this year after making losses of 124 million pesos over the past three years.

He added that at this time Almagrario is reporting operating profits of 115 million pesos, from which the losses incurred have to be deducted. Paid in capital is about 240 million pesos, with a 35 percent participation by the Cattlemen's Bank, 20 percent by Idema and 45 percent by the Agrarian Bank. The debt ratio is less than 35 percent, the official said, while stocks in storage have increased in recent years and now come to 10 billion pesos.

Almagrario is Growing Stronger

The manager said that when he came to Almagrario the debt stood at 123 million pesos and capital at 170 million pesos, which obliged the Superintendency of Banks to demand an upgrading of assets and a capitalization that was made effective by 70 million pesos from shareholders. The official said that thanks to the restructuring undertaken by him the entity has recovered, the Agrarian Bank and the Cattlemen's Bank are making full use of its services and no wage disputes are pending.

He explained that reactivation was brought about by the creation of a Technical Department, which is in charge of supervising the quality of the products to be

stored, and of a Judicial Department, the function of which is to make in-depth studies of pending business so as to avoid errors made in the past, when loans were made on goods that did not exist, as happened with the Tolima rice-grower Olano Portela.

With these measures the mismanagement of pledged goods by unprofessional people was ended. Investigations of the economic solvency of users were established and undue favors to clients were ended, Hernandez Manotas said. He pointed out that Almagrario managed to recover 100 million pesos that were on the verge of being lost as a result of a cargo of urea and calcium phosphate that was never claimed from its warehouses, but that now the Agrarian Bank was able to negotiate with it.

Lawsuit Against the Customs Service

He revealed that Almagrario sued the Customs Service's Circulating Fund in the Administrative Law Court for having delivered to Almagrario only half the value of each vehicle in a cargo imported by the Cattlemen's Bank. The court judged that Almagrario had suffered damages and found in its favor on Nov. 19 this year. The Fund will have to pay Almagrario 30 million pesos.

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CSO: 3348/300

EL SALVADOR

FMLN ON CAPTURE, DISAPPEARANCE 'PROBLEM'

PA241558 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 22 Feb 86

[Communique issued by the FMLN General Command in El Salvador, no date given--read by announcer]

[Text] The FMLN General Command reports to the Salvadoran people and the world's public the following facts:

1. On 22 November 1985, Sergio Flores Villalta was captured in San Salvador. He is a 42-year old teacher, married, with five children. To date, all the police corps deny that he was captured. In other words, he is a missing person.

2. An S-2 patrol of the 2d Infantry Brigade captured Nelson Omar Guerra Trinidad, a 21-year old student. He was captured in front of El Carmen Church in Santa Ana in the presence of many witnesses. Since then, the 2d Infantry Brigade, as well as the police corps, deny that they have him. This means that he was also made to disappear.

3. On 9 January 1986, Edith Ramirez was captured in Santa Ana and the national police in Chalchuapa report her as missing.

4. Luis Ramirez, captured in January 1986, is a member of the subregional board of directors of Chalchupa's National Coffee Institute [INCAFE] processing plant. He is now missing.

5. No less than 10 people, including members of unions and other popular organizations, have been made to disappear by the government of Napoleon Duarte and his Armed Forces since November 1985. These disappearances, which by themselves constitute a violation of the most basic human rights, are a Duarte government action that is more serious because it violates agreements and commitments made during the negotiation between the FMLN and the government through which Ines Guadalupe Duarte was released on 24 October 1985.

The government clearly made the commitment--in the presence of Msgr Rivera y Damas in Panama--that the practice of making people disappear would be

suspended. In this negotiation, a mutual commitment was made not to affect relatives of any civilian or military person who is a member of either side at war.

In an effort to save these agreements and commitments, which we view as advances in the search for political solutions and the humanization of the conflict, we brought up this problem to Msgr Rivera y Dama in late December in his position as intermediary in the search for a dialogue and a negotiated solution.

The FMLN has abstained from taking action while waiting for the results of the efforts made by relatives of the missing people. But these efforts, through the intermediary, have proved useless.

The criminal method of making people disappear continues in effect, despite the commitments made.

In view of these facts and this reality, which cannot be attributed to isolated decisions of subordinate personnel, but which are conscientious actions of the government and its Armed Froces breaking their promise, the FMLN General Command declares that effective right now we do not feel bound to continue fulfilling the commitments made in the October 1985 negotiation, which put an end of the captivity of our companeros who were prisoners and permitted the evacuation of those crippled in the war, as well as the release of the mayors and that of Ines Gradalupe Duarte and her companion.

The FMLN repeatedly told the government that it feels that the vile and despicable disappearance method is unwonted and completely unacceptable and demands its unconditional abolishment.

The FMLN demands the immediate release of all the missing people and warns that it knows and it will know how to act in accordance with the situation created by the flagrant human rights violations and the violations to the commitments made by the government and its Armed Forces.

/6662
CSO: 3248/272

GRENADA

STUDENTS EDUCATED IN CUBA ISSUE STATEMENT ON TREATMENT

St Georges THE GRENADIAN VOICE in English 25 Jan 86 p 4

[Letter to the Editor: "We Are Serious, Honest and Patriotic"]

[Text] The Editor,

The following is a statement from the Grenadian graduates of Cuban universities and polytechnics, dated the fourth of January, nineteen hundred and eighty six:

By now it would be known to the Grenadian public, that at the end of the last academic year, a number of students who had taken up university and polytechnic scholarships in Cuba, have completed their studies and have returned to give their services to Grenada, their homeland.

We are thirty two in number (and not forty five as has been repeatedly stated) and have graduated in the following fields:

University level Dentistry (2) Mechanical Engineering (3), Chemical Engineering (1) Food Science (1) Agronomy (3) Languages (2) Veterinary Medicine (2) Economics (5) Physical Culture(1).

Polytechnic level Radiology (2) Laboratory technology (2) Economics (2) Refrigeration (1) Veterinary Medicine (2).

As can be readily appreciated, there is a dire need for specialists in these fields in our country.

A few months before our return, we sent a letter to the Government in which we stated the number of graduates, our fields of study and our willingness to serve our country. It is now five months since we have been here and although the Government

stated in a radio broadcast that there wouldn't be any hostility towards us, today we are still faced with the problems of unemployment and failure to recognize our qualifications.

Of the thirty two graduates, only two have been employed by Government in their capacity as professionals. An additional seven are underpaid by Government. Five have obtained employment with non-governmental enterprises. The remaining eighteen are still unemployed.

We would like to state quite clearly that, contrary to statements made in the local media, we are a group of serious, honest and patriotic Grenadians dedicated to contribute to the development of our country and are not "time bombs","vicious points of infection", "saboteurs" or "contaminated"; neither do we have a history of violence.

University education in Cuba has a long and successful history,dating back to 1728 with the founding of the University of Havana. Its prestige is unquestionable and enjoys the full recognition of leading international organizations such as UNESCO (United Nations Educational, Scientific and Cultural Organization) FAO (Food and AGricultural Organization) and WHO (World Health Organization).

It is interesting to note that Jamaica, Guyana and St. Lucia, among other Caribbean countries, readily accept graduates from Cuban universities and polytechnics while, unfortunately authorities here in Grenada continue to discriminate against us.

It is disheartening to see that while today the leading capitalist and socialist countries are making great efforts to step up their economic, scientific and technical cooperation, here in tiny Grenada, the authorities continue on their narrow-minded,backward and unpopular stand of refusing to accept and employ Grenadian Graduates from Cuban institutions.

We would like to take this opportunity to express our deepest appreciation to the public for their concern and moral support.

CARLYLE GLEAN on behalf of the 32 Grenadians who graduated from Cuban institutions.

/12851
CSO: 3298/336

GRENADA

MINISTER OF AGRICULTURE DISCUSSES PLANS FOR FUTURE

St Georges THE GRENADIAN VOICE in English 25 Jan 86 p 10

[Unsigned article: "Brizan Talks Re-awakening in Agriculture Sector"]

[Text] Agriculture Minister George Brizan in an interview with a "Voice" reporter said that agriculture infrastructure, particularly marketing will be considerably improved this year. He also said a greater and stronger linkage between marketing and vegetable production would be made.

More farmers, both young and old will get involved in farming this year and he went on to say "these people recognise that once you provide land for them, they are prepared to work very hard, providing they are working for themselves."

According to the Minister the incentive to production is PRICE. He also stated that the World Bank Project will be fully implemented this year. Already the foundations have been laid; an Israeli firm was expected to be in Grenada by January 15, and the Manager of the project management unit, a Grenadian, was due to come to take over the management of the project. This project will embrace and touch the various dimensions of agriculture.

Some of these dimensions or areas are: disease, marketing, marketing infrastructure, roads/feeder roads maintenance, agricultural extension and farm school education. The vegetable and cane farmers will receive a big boost this year by

receiving fertilizer from the Food and Agriculture Organization (FAO).

"I think my major prediction is that there will be a reawakening in the Agriculture sector, and that the confidence and morale of the farmers which was restored in 1985, will be further strengthened and deepened in 1986," said Brizan.

Presently, the Ministry of Agriculture is working on three major projects, namely: the Model Farm, the World Bank Agricultural Diversification and Rehabilitation Project, the Cocoa Rehabilitation Project.

/12851
CSO: 3298/336

GRENADA

PAPER VIEWS UNION CONTRACT PROPOSALS, OTHER INITIATIVES

St Georges THE GRENADIAN VOICE in English 25 Jan 86 p 16

[Text] THE Grenada Union of Teachers, the Public Workers Union and the Technical and Allied Workers Union, have written to the Director General, Ministry of Finance requesting a commencement of negotiations, no later than Wednesday January 22, for a new wages and salaries contract to replace the one that expired on December 31, 1983.

The Unions are calling for a 30% wage increase and other benefits in an increase in a special subsistence allowance to Nurses from $1.00 to $3.00, compassionate leave for workers in special cases, such as death in the family, and a hardship allowance for workers who are transferred from their normal area of residence. The Unions also plan to call for the removal of the two year probationary period which applies to government employees.

On October 8, 1985, the proposal for a new contract was submitted to the Government. One month later, the Ministry of Finance advised the Unions that the proposals were being considered by cabinet. On December 12, 1985, the Unions again wrote to the Director General enquiring about the status of their proposals. They got a reply on the 18 of December, stating that the Ministry of Finance had just completed its evaluation of the proposals and that

Cabinet's decision would be conveyed as soon as it was known.

The Unions again, took the initiative with their letter of January 15 and one and a half hours after it was delivered by hand a reply was received from the Director General setting a meeting for Friday last, January 17.

two and a half hours after it was delivered by hand a reply was received from the Director General setting a meeting for Friday last, January 17 at 10.00 a.m.

When representatives of the three Unions met with the Director and his team the Unions were in for a surprise. They were advised that the 30 percent claim was a non-starter and there will be no increase for 1985. It was also suggested to them that they delay any negotiations until the full impact of the O&M study is analysed and that they first look at and cost the fringe benefits proposed.

In support of their position the government team pointed out that 1985 had already gone and based on the recurrent figures for the year there was no money available to pay an increase and further that on the basis of the rise in the retail price index between 1980 and 1985 the pay to Government employees was 6.5% ahead of inflation for the same period.

The Unions pointed out that inflation was not the only factor to be taken into account but other factors such as comparisons with other sectors of the local economy as well as similar type economies. They also reminded that Government was notified as early as December, 1984 that negotiations for 1985/1986 were due.

The Unions deemed the government's position untenable and requested the team to present the Unions' position to the employers and ask that their position in respect of 1985 be reconsidered with a view to clearing the way for commencement of netotiations.

The Unions demonstrated their atti-

tude to the government response by sendng out a circular to their members,and the press, headed "Joke dey makin."

The teams representing the three Unions were Dawne Lett, Denis Thomas and Samuel Britton of Grenada Union of Teachers;Basil Harford, Herbert James and Lauret Clarkson, public Workers Union and Reginald Dowe of the Technical and Allied Workers Union.

The Government's delegation comprised L.F. Wilson Jr., Director General of Finance; Gordon Robeertson, Comptroller of Income Tax and Cecelia Quashie, Economic Advisor to Government.

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CSO: 3298/336

MEJIA, CEREZO REACH 'AGREEMENT' ON DECREE LAWS

Guatemala City PRENSA LIBRE in Spanish 14 Jan 86 p 13

[Text] "There has been a verbal agreement between the military government and the one that Vinicio Cerezo will head concerning the issuance of decree-laws that are of particular interest to the country," Manuel de Jesus Giron Tanchez, the secretary general of the Chief of State's Office, declared yesterday.

"For this reason," he indicated, "several decrees and government accords have been issued, considering that all future legislation must be passed by the Congress of the Republic. Several decree-laws were issued before the transfer of power. The Official Gazette of the 10th of this month published 16 decree-laws, which took effect that same day.

"The decrees are: 152-85, which approves the contract signed on 18 December 1985 between the government of the republic and Mayan Airlines, S.A. The contract authorizes the airline to operate in Guatemala a public air transport service for passenegrs, mail and domestic and international cargo for a period of 5 years.

"Decree 6-86, which amends the Code of Criminal Procedure to reconcile its provisions with those of the new Constitution of the Republic, which takes effect today. A study of the code indicated the need for the proposed amendments.

"Decree 7-86 exempts the companies Solel Boneh International Limited and Escalco, Sociedad Anonima from paying the stamped paper and revenue stamp tax on the amount of the contract signed with the National Housing Bank for the construction of the Nimajuyu housing complex.

"The Nimajuyu housing complex," he indicated, "is of major social importance because it provides housing to a considerable number of families at a price that people with limited incomes can afford.

"Decree 8-86 grants a general amnesty to any person guilty or accused of political crimes or related common crimes from 23 March 1982 to 14 January 1986. No legal action of any kind can be taken against the perpetrators of or the accomplices in such crimes, nor against those who may have been

accessories, nor against those who may have been involved in any manner in apprenhending or pursuing them.

"Those who are on trial before a regular court have a right to amnesty as long as a guilty verdict has not been handed down against them.

"Decree 9-86 approves the financial agreement and loan contracts for Guatemala signed on 30 September, 3 October, and 20 and 23 December 1985 in the amount of $53,286,555.

"Decree 10-86 enacts amendments to the private finance companies law, inasmuch as they are banking institutions that operate as financial middlemen specializing in investment banking transactions and promote the creation of production companies by attracting and channeling medium- and long-term domestic and foreign capital. In other words, the pertinent legislation is brought up to date.

"Decree 11-86 sets forth the law for the control, use and application of radioisotopes and ionizing radiation to hasten the country's economic and social development. The regulations were issued because the use and application of radioisotopes and ionizing radiation pose inherent potential dangers to health, property and the environment.

"Decree 12-86 establishes the cotton law, which governs cotton growing, one of Guatemala's main economic activities, and consolidates previously scattered legislation.

"Decree 13-86 authorizes the Guatemalan Pediatric Foundation to establish the Children's Lottery, the proceeds from which will be earmarked for the foundation's activities.

"Decree 14-86 regulates the enforcement of Annex A of the Central American Import Tariff under the Agreement for the Central American Tariff and Customs System in connection with the application of storage, overweight, net weight, packaging, labeling, etc duties and charges.

"Decree 15-86 accords equal tax treatment to all industrial firms, whether or not they are covered by the Central American Agreement on Tax Incentives for Development, which was revoked by the Agreement on the Central American Tariff and Customs System."

Temporary regulations have also been issued governing the imports brought in by the firms that were covered by the tax incentives agreement.

"Decree 17-86 establishes the State Security Council, which will consist of the president of the republic, the ministers of national defense, foreign relations, interior, communications, finance, economy, and energy and mines, the national defense chief of staff, the secretary of intelligence and national security, and other officials to be appointed by the president of the republic.

"Decree 18-86 exempts the purchase of new or used computer hardware and software by the branches of government bodies and their decentralized agencies from bidding requirements.

"Decree 19-86 recognizes the Civil Defense Committees as civilian organizations representing the reserves that are available for domestic mobilization and that Guatemalans join voluntarily to defend their communities.

"Decree 20-86 sets forth the law promoting the development of new and renewable energy sources, which are declared of public use."

Other Decrees

Giron Tanchez also reported that among the amendments to the Army Charter, the name of the Army Commissariat will be changed to the Commissariat of the Military Welfare Institute, under whose responsibility it will come.

Channel 9

With regard to the Channel 9 television frequency, he said that it had been awarded to a commercial firm that filed its request before the Catholic Church did.

"If the Church wishes," he added, "it can file an appeal with the courts."

8743
CSO: 3248/191

BRIEFS

PSD, GOVERNMENT AT ODDS--The Democratic Socialist Party (PSD) has voiced its displeasure over the military government's decision not to allow the people in the so-called Peace March to pass through Guatemala. The PSD says that the purpose of the march is to promote a genuine peace in Central America, adding that the group consists of individuals of various nationalities who are promoting peace in our turbulent region. Moreover, the people marching at the head of the group have done likewise in European countries and have helped to establish peace for the good of nations, especially in those with uncomfortable living conditions. For this reason above all, the PSD has come out against the Guatemalan Government's decision, inasmuch as our country does not have the same sort of system of government as Honduras, which has banned the group's march, as Guatemala now wants to do. [Text] [Guatemala City PRENSA LIBRE in Spanish 5 Jan 86 p 6] 8743

CUSG SCORES INDE POLICIES--Ever since the Electricity Enterprise has been completely run by INDE [National Institute of Electrification], the energy setor's problems have multiplied, the Confederation of Union Unity of Guatemala (CUSG) has complained, indicating that its control has gone beyond technical and financial matters in a bid to make INDE look like an efficient institution. The CUSG indicates in a press release that "from the time that the Electricity Enterprise of Guatemala was forced to buy more expensive energy from INDE without the option of raising its rates, the disaster has become obvious, because the enterprise is being bankrupted and prevented from meeting the growth and maintenance requirements for good service. Such a situation is intolerable, except in technical matters, because the fact is that an enterprise like this cannot be allowed to close down; this means that money will have to be pumped in in one of two ways: subsidies or higher rates. Both options are unacceptable and must be rejected. In this regard, the Light and Power Union has asked the Board of Directors of the Electricity Enterprise not to hike rates for consumers." The leadership of the labor movement has asked the chief of state to allow the incoming government to renegotiate the energy purchase contract and not to sign or make commitments unless they are absolutely indispensable and urgent, so as not to tie the hands of the new authorities. [Text] [Guatemala PRENSA LIBRE in Spanish 4 Jan 1986 p 4] 8743

IMMIGRATION LAWS AMENDED--"The new immigration law that the chief of state will approve in the coming days contains substantial changes," stated the director of the agency, Adolfo Rangel Solis, indicating that the law is

designed to place ethics, morals and honesty before bureaucracy. Among the announced changes are residency permits, temporary visas and an aliens tax, the latter to be applied to those who invest in Guatemala. "We are not discouraging foreign investment in Guatemala, which Guatemala needs so badly to achieve optimum development; on the contrary, we believe that entrepreneurs coming into the country ought to pay a fair tax on their capital, as is the case in many nations." He underscored that regulations in this area and others have been poorly enforced up to now and that the new immigration law aims at streamlining all aspects of immigration. [Text] [Guatemala City PRENSA LIBRE in Spanish 3 Jan 86 p 6] 8743

SOBERANIS PROMISES LABOR SAFETY--"There will be no more persecution of labor leaders," said the new minister of labor and social welfare, Catalina Soberanis, who also announced that she would make changes in all of the ministry's agencies. She stated that she would not be taking office until today because she needs special permission from the Congress of the Republic. She gave assurances that the democratic government would put an end to the persecution of unions that has occurred in recent years. [Text] [Guatemala City PRENSA LIBRE in Spanish 16 Jan 86 p 13] 8743

FINANCE MINISTER SWORN IN--Dr Rodolfo Paix Andrade was sworn in yesterday as the new public finance minister, and the names of the two new deputy ministers were revealed. Edgar Alfredo Pape Yalibat is the first deputy minister, and Sergio Diaz Izquierdo will serve as second deputy minister; they will be sworn in some time over the next few days. The swearing-in ceremony for the minister was held yesterday afternoon at the ministry and was attended by the outgoing minister, Ariel Rivera, and the two new deputy ministers. The two outgoing deputy ministers are Lizardo Sosa, who is now serving as economy minister under the new civilian government, and Erick Meza Duarte, who served several years as first and second deputy minister. After the ceremony, Dr Paiz Andrade visited all of the offices in the ministry building and was introduced to its entire staff, whom he asked for their complete cooperation in keeping up the momentum that the ministry has developed. The new minister said that he intended to pursue efforts that are in keeping with the principles of the new government that is headed by Marco Vinicio Cerezo Arevalo, "which I will be able to do with the cooperation, dependable work and good will of the entire team in the Public Finance Ministry and of taxpayers themselves." [Text] [Guatemala City PRENSA LIBRE in Spanish 16 Jan 86 p 2] 8743

$800 MILLION IN LOANS--The governments of various countries have offered President Vinicio Cerezo $800 million worth of aid, in the form of loans and and grants for development projects, Congressman Alfonso Cabrera, the president of the Congress of the Republic, has reported. The governments with which Guatemala has talked and that have made the offers are the FRG, Venezuela, the United States, Belgium and Italy. "Moreover," he indicated, "we have discovered that money that had been earmarked for Guatemala has not been used. For example, $200 million from Venezuela, $100 million in dollars and the other $100 million in bolivars, had been loaned to Guatemala for a project, but the loan was not made official, and we were on the verge of losing it, had we not requested a 60-day extension on time." "There was $5 million in the FAO for food aid, but the project for receiving the money was never presented." In addition, he stated that $25 million had been paid to the IDB to cover a debt owed to a Japanese firm for a piece of machinery

needed to bring the Chixoy hydroelectric power plant on line. "If we had not paid up, Chixoy would not have started up, with the logical consequences." In conclusion, he said that the talks with the representatives of the foreign governments were held both in a hotel in this capital and in the National Palace. [Text] [Guatemala City PRENSA LIBRE in Spanish 16 Jan 86 p 2] 8743

NEW CONSTITUTION TAKES EFFECT--A new constitution took effect in Guatemala at 1125 hours yesterday; it was one of the three basic laws drafted by the National Constitutional Assembly, which was elected in July 1984 and dissolved yesterday in one of the many ceremonies leading up to the swearing in of Vinicio Cerezo as the new constitutional president of the republic. The members of the Constitutional Assembly also drafted the Civil Rights [amparo], Personal Appearance and Constitutionality Law and the new Election and Political Parties Law. The citizenry thus now enjoys basic human rights, as set forth in the new constitution, which supersedes the one that the de facto government that took power on 23 March 1982 repealed after toppling the constitutional government of Gen Fernando Romeo Lucas Garcia. That constitution had been enacted in 1965. [Text] [Guatemala City PRENSA LIBRE in Spanish 15 Jan 86 p 6] 8743

PR, UCN TERMINATE ALLIANCE--The congressmen of the Revolutionary Party have resolved to split from the UCN bloc and form their own. It will consist of Representatives Otto Rolando Ruano Reyes, Rafael Arriaga Martinez, Roberto Alejos Cambara and Carlos Chavarria Perez. Now that the Revolutionary Party lawmakers have left, the UCN bloc is down to 18 legislators. Pursuant to a decision by their authorities, the UCN legislators agreed to turn down President Alfonso Cabrera Hidalgo's offer of a vice presidency and a secretaryship in the Congress of the Republic. The National Liberation Movement's bloc is also split, precisely because someone accepted a post on the governing board of the Congress. When a vote was taken yesterday on the candidates for the Congress governing board, on which Congressman Hector Aragon Quinonez sits as third vice president, only Quinonez himself, Miguel Angel Ponciano and Edgar Obdulio Chinchilla Vega voted yes. In other words, there is disagreement among the 12 congressmen in the bloc. [Text] [Guatemala City PRENSA LIBRE in Spanish 15 Jan 86 p 4] 8743

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GUYANA

HOYTE IN 'EXCLUSIVE' INTERVIEW ON ELECTION, FUTURE PLANS

Port-of-Spain SUNDAY EXPRESS in English 16 Feb 86 Guyana Supplement pp 1-3

[Text] *WHEN GUYANA President* **DESMOND HOYTE** *consented last week to a request for an interview with the SUNDAY EXPRESS, Managing Director* **KEN GORDON** *wasted no time in flying to Georgetown to sit with the man who had succeeded Forbes Burnham. It was the first time the new President gave an interview to a daily newspaper outside of Guyana. And it was also the first time he was responding to a series of probing questions on the politics and life of Guyana today. This, then, is President Desmond Hoyte.*

KG: Mr President, thank you for granting this interview to the Trinidad EXPRESS and the Barbados Nation. This, I believe, is the first interview you have given to any daily newspaper outside of Guyana since you have come into office. Is that correct?

HOYTE: That is correct, yes.

KG: Could we therefore look at the question, before we get to the elections, of the whole image of Guyana. Guyana has an unfavourable image and I don't think this will be any news to you within the region and, for that matter, internationally. Is this a matter of concern to you and if it is, what sort of priority do you attach to trying to correct that?

HOYTE: As a politician and the leader of the nation, it must be of concern to me but I think that a lot of the unfavourable publicity has arisen from a lack of understanding of what we have been trying to do in this country and the failure on the part of other people to recognise the great differences between Guyana and some of the CARICOM sister states.

I think that also we have taken an independent political line in foreign affairs; some people might even say a radical line and this has not endeared us to certain people in the area. Now, we have this problem that when you get adverse publicity, there is no means of correcting it and we've had many experiences where things were actually wrong, were published and we attempted to have corrections made without success.

However, that is a fact of life and we have been trying within recent times to do a number of things to ensure we are not represented in an unnecessarily adverse light.

KG: But surely the problem goes beyond bad publicity or misunderstanding. These have been events which the press did not create. For instance you had, I believe in the 1980 election, an independent group of people who made certain accusations about the elections. You have had the incident of Walter Rodney and there have been the issues about a free press, and so on. These are real events. Is it not necessary that these things be addressed in themselves rather than purely the reporting of them?

HOYTE: That is a matter of reporting. Take the Rodney incident — one only has to read his brother's statement to the police to see what happened to Rodney —that he was the author of his own destruction, that he was involved in some clandestine activity relating to the acquisition of an explosive device, but nobody ever bothers with that.

The report went out that the government killed him, but his brother's own statement to the police, and that is after the brother had gone into hiding for three days,

if not longer, but cerertainly for a number of days, which had been out together with the help of his lawyers, you know ... so again, I would see how that was publicised, which had a very bad effect on us.

We talk about the freedom of the Press. Should we accept that the Press is not free in Guyana? In the first place, a number of newspapers which are completely hostile to this country are allowed in, like **Caribbean Contact**. The **Contact** has nothing good to say about Guyana but the government has never prevented the **Contact** from coming into this country and being desseminated.

You have the **Catholic Standard** whose Editor keeps yelling that he is being pressured. What is he being pressured about? One complains that people take him to the court because they say he has committed libel. Now I don't see that a man can quarrel about a citizen exercising his constitutional rights to take an issue before the court.

It seems to me there are only two things that you can do. If you say somebody has a libel against you — go hit him on the head with a stick? That is certainly undesirable action, or, use the courts which are being set up to resolve differences between people.

KG: The Contact is a once-a-month publication and I do take the point which you make — they have been critical of the government, but would your government, for instance, be prepared to allow an independently owned daily newspaper to operate?

HOYTE: But the **Catholic Standard** is independently owned, and there are others which are all papers run by various opposition groups. There is nothing in our laws to prevent Guyanese from forming a company and running a newspaper. There is nothing that prevents that. In fact, you have so many newspapers around the place — they tend to be weekly or periodic issues but there is no law which prevents them — the government has never prevented them from publishing.

KG: Do you maintain, then, Mr President, that the government has never put undue pressure on independently-owned media within Guyana?

HOYTE: Has Never! The allegation of pressures stems from a complaint about libel actions. Now, I myself as a politician have brought three libel actions, all of them successful. As a matter of fact, in two cases against the **Mirror**, when the matter came to court, they consented to judgment, acknowledging that the reports were completely false.

In the third case against a paper which was called the **Liberator**, which was a party calling itself the Liberator Party some years ago, I got a judgment but that was an empty judgment. They had nothing. They had a company with a share capital of $1,000 or some nonsense like that, but I had to vindicate my character. What the newspaper had said was that when I was in private practice at the Bar, I either didn't make any income tax returns or falsified my returns and that was a time when I was piloting our legislation to tighten our income tax laws. I had my character to vindicate.

KG: Well, I could go further back but we would spend a lot of time without discussing the more current issue of the elections. Your government prepared a well-documented report on the events of the election which was submitted, I think, to your colleagues (Caribbean Heads of Government) at Mustique.

HOYTE: Yes, it was circulated widely to the newspapers and people like that.

KG: Was this the first time that you prepared such a document?

HOYTE: It is the first time. In the past we took the view that it was not necessary to bother with these people because internally, we knew we had the support and it didn't matter what they said, but perhaps that was a wrong approach and perhaps we should on occasion answer allegations made by our opponents.

KG: Were you not required by law to table a report in Parliament on the elections? Were you not required to do this in 1980 and was this done?

HOYTE: It has always been done. I understand from our last Minister of Home Affairs that through some bureaucratic oversight, I think there had been some change in election officers — one had retired and another one took over and that while the report was in the office of the election officer it had not been printed and my understanding is that it is now being printed for laying in the National Assembly.

But we've always done it in the past — '64, '68, '73, they're all there. It is true that the '81 was not tabled and as I said this is a bureaucratic oversight which is being corrected right now.

KG: How did you respond to the 1980 report of the independent commission of observers who claimed the elections were flagrantly and massively rigged?

HOYTE: Well, we never accepted that there was any independent

commission of observers. Some people came down here — a certain Lord Averbury, a certain Lord Chitnis and a gentleman who told me his name was Royal or something like that. He was a Canadian or religious minister. These are people who came down and demanded, e.g. to sit on meetings of our Elections Commission.

Of course, the chairman of the commission couldn't allow that — and these people went around and wrote a report which we paid no attention to because we didn't accept what they said. I myself ran the campaign in Region Ten, that is in the industrial belt and I saw Lord Chitnis and I was vastly amused because he hired a taxi which was taking him around the flat part of Linden.

Now Linden is a place wich is very hilly and to get into those hills where the people really live you need four-wheel drive vehicles and so on. He never got there. He never got into Victory Valley and Green Valley, up Dangue Hill, Blueberry Hill, one-mile, half-mile, Canvas City, places like that because his taxi couldn't take him there and then he left around mid-afternoon without understanding the culture of the bauxite community.

The people vote very early in the morning when they are on their way to work or when they are returning from work. You see, there is a shift which ends between six and seven so you get e heavy poll and there enters a lull, and then around midday you find housewives voting, and then late in the afternoon you find as people are leaving work again the afternoon shift votes.

If you were to go to Linden, say around 10 or around two in the day you'd see very little activity but the whole pattern of voting depends on the sort of work arrangements. It's not like Georgetown.

KG: Do you therefore totally reject the accusations that were made of rigging in that 1980 election?

HOYTE: Oh absolutely! Absolutely!

KG: Would you equate the conduct of the 1985 elections for which you were directly responsible with the conduct of the previous elections? Was there any change of significance or do you say that one was as free as the other?

HOYTE: No. There were significant changes. Now, I felt that if we were going to move this country along, our political life should not be wasted, so to speak, in acriminous arguments about unnecessary things. I called Dr Jagan to my office and we had a number of conversations and I told him this is how I was thinking.

Let us try to see the areas in which we could remove friction so that the tone of our political debates could be increassed, improved rather, and we could devote ourselves to matters of substance rather than wasting time in polemics which were unimportant.

I said to him, "what are your concerns?" He said, "well, I hear you all does rig elections." I said, "well, how, you tell me." He said we rig elections by manipulating the overseas vote, by manipulating postal votes and by manipulating the proxy votes. I said, "fine, I am prepared to restrict severely the overseas vote so that only our serving diplomatic officers would be able to vote and our bona fide students so there would be, as it were, no absentee balloting.

As a matter of fact, the law came out so stringently that even the wives of our diplomats were excluded. Secondly, on the proxy votes, I said, "alright, we'll restrict those to persons who were blind or otherwise incapacitated and on the postal votes, we'll abolish them completely, which was going further than even he had asked because he had asked that they be restricted.

I said, "look, we'll abolish the postal votes." I said to him "well, what do you say? He said, well he had to go and consult his colleagues and I found that a litlle amazing. Anyhow, when I saw him on another occasion I said, "now are you satisfied that we are setting a framework for elections which would remove all these allegations about rigging, and so on.

He said, "man, I have another point." I said, "what is it?" He said, "the voters' list." You all have a lot of phantom voters there. It's padded and so on. I said, "alright, I will arrange for the voters' list to be issued earlier than usual for you to get three copies promptly although the law says you must buy copies of the voters' list if you want additional copies and you have sufficient time to go through them and to see whether they are phantom voters there as you allege."

I said I would lay my political reputation on the line that you'll find the voters' list is pure, and I knew that on the basis of what I've been told by the officials and so on because we had compiled an entirely new voters' list. We had discarded the old one and this was an entirely new voters' list which was being compiled.

Now the voters' list was published early, free copies were disseminated promptly to the various political parties and there has not

been, there was not a single objection to any name. That amazed me because I felt well, at least we're dealing with human beings and there must be some error somewhere; but there was not a single objection to a single name on the voters' list.

Then I arranged for the necessary legislation to be tabled in the National Assembly to amend the law so that we wouldn't have the overseas vote, we'd restrict the proxy, abolish the postal vote and to my amusement, the PPP voted against the legislation on grounds which nobody could understand to this day.

KG: Were there any other points on which Dr Jagan was unhappy?

HOYTE: Well, now these things are developing sequentially, you know. As you addressed the issues that he raised, he then raised new ones, so after I'd addressed the question of the proxy and other votes, he raised the question of the list, I addressed that. Then he said the ballot boxes were not fraud-proof and that I should import ballot boxes from India or borrow ballot boxes from the Government of Trinidad and Tobago. **(LAUGHTER).**

What would I tell my saw millers if I imported wood from India? I told him, "Well, that was a matter for the Elections Commission." He wrote the Elections Commission and the Commission made a surprise visit to the office of the Chief Elections Officer and called for the ballot boxes and examined them and the photographs showing a PPP member, Mr Clement Rohee, examining those boxes, measuring them to see whether they had false bottoms, throwing down on the ground to see whether they were so flimsy they would come apart, and so on, and the Commission then issued a statement to the effect that they were satisfied with the sturdiness of the boxes and no one could really say that those boxes could be easily opened or tampered with.

KG: Did Dr Jagan have any reservations about the independence of the Chairman of the Elections Commission?

HOYTE: Well, he never said that and I would doubt very much he would have the temerity to say that. The Chairman is Sir Harold Bollers, a former Chief Justice of this country, a most distinguished jurist and a man who commands universal respect in Guyana. I have never heard him say that he had no confidence in Sir Harold Bollers and I doubt that he will say that in Guyana. I've never heard whether he had said it outside but he would never say that in Guyana.

KG: But where one has complete control of the machinery as distinct from meeting specific proposals, rigging is still possible. Now I suppose this brings us to the whole question of party paramountcy which is one of the policies of your government. Would you tell me what the theory of party paramountcy is and what is the practical effect of it?

HOYTE: The paramountcy of the party has been so distorted, i.e. the concept is very amusing. We say that the government comes out of the party, and therefore the government must implement the policies of the party and the programmes of the party. It is the party which fights the elections and not the government. It is the party which goes to the electorate and says this is our policy.

If you elect us we will do A, B and C. We will follow these policies, we will implement these programmes so we do not accept the British practice where the Parliamentary Labour Party can act in a way diametrically opposed to the Labour Party as an entity. But that does not mean that the party controls the government machinery.

KG: But is it not capable of that interpretation?

HOYTE: You can make your own interpretation but we can only deal with what we understand the concept to be and what we articulate it to be. The late President Burnham in several congress addresses and other addresses took time to explain that we could find the words of socialist revolution, I think, where he took time to deal with this very matter and to say that there obviously was some misunderstanding and that he thought he should clarify the matter in the way in which I'm explaining and furthermore, if you read Professor Jeffrey Barrocklove's book, **Introduction to Contemporary History**, he makes the same point that what we have today is the party state.

You don't have the liberal democracy of the 19th century. You have in every country a party which wins elections and it is that party which runs the country through its officials so that what we are saying is nothing outlandish.

KG: So you would reject any interpretation which said that the government was an executive arm of the party?

HOYTE: Well, I can't say that (laughter). I quite understand that but I put it this way, that the government must carry out the general policies of the party. e.g. If it is the policy of the party, within the

party's organs you have a debate, a policy debate and the party comes out with a policy that there must be equality for women. (Well, let me just think).

The government could not say that it doesn't agree with that and it will not implement programmes to bring about equality for women. So the government takes its cue from the party. Look recently, Rajiv Gandhi made the same point and I haven't heard any hulaballoo, where he removed some ministers from the government and put them in the party and he said it was necessary to re-insert the supremacy of the party over the executive and that was widely publicised. I heard it on the BBC, I read it in our newspapers.

KG: Does this have any implications for the judiciary at all?

HOYTE: Oh absolutely not. The judiciary is independent. The judiciary's independence is guaranteed by the Constitution, the judiciary is established by the Constitution and there is no way you can interfere with that independence except by changing the Constitution. As a matter of fact, some years ago when an English judge came down here to give a lecture, a very famous judge, his name eludes me at the moment ...

KG: Lord Denning.

HOYTE: Yes, Lord Denning. He said in a speech made at a dinner given by members of the legal profession that the judges here were better protected than the English judges.

KG: Your reference to the Bar prompts me to ask a question. I believe that one of the things that had been suggested at the time was that they should be independent observers and I think you rejected that you would have any foreign observers at your elections. Was it not also suggested by the Bar Association that they would offer their services as independent local observers? Did you reject this and why?

HOYTE: You need to understand this country. Politics pervades this country and the Bar itself or members of the Bar are not above partisan affiliations. Take for instance Mr Ashton Chase who is very active in Nassi, one of the trade unions which is very active in local politics according to the Press and according to releases put out by this so-called Patriotic Coaliation for Democracy.

So there you have Nassi, Mr Chase's organisation, a union in a political alliance with the PCD and you know, you have that sort of thing. There was a letter from members of the Bar disassociating themselves from some of the things the Executive of the Bar was doing. Or some of the things that were claimed to have the sanction of the Bar Association. They were saying that we are members of the Bar and we don't know about these things.

Now the point is this, our laws make provision for scrutinees, the various political parties all have the right to have people at the counting centres to scrutinise the counting and to make sure the counting is right and fair and above board. Now that is what the constitution provides, that's what the law provides. Over and above that I don't see the need for other observers.

KG: But if your concern is with the image of Guyana then the perception is important and you have obviously gone some long way from you discussions with Mr Jagan to address this. Don't you think that a further step, particularly in view of the local offer of the Bar Association, might have assisted in that?

HOYTE: I don't think so and you know, why not the doctors? Why not the market vendors?

KG: Well, the lawyers are trained ...

HOYTE: It's a question of looking, you know. You don't have to be a lawyer to see whether the people are counting the votes, whether a vote marked X for the PPP is being put in the PPP file or a vote marked X for the PNC is being put in the PNC file.

KG: Reverting in the context to party supremacy, is this within the constitution of Guyana, or is it purely policy which has been enunciated?

HOYTE: It is a policy which has been enunciated so that our Ministers, our Cabinet will understand that they are not free agents to do as they like. They are not free to depart from the party line, the Party Programme, the Party policy.

KG: Do you think there might be a case today to address, to review that policy in terms of clearly establishing the parametres of the policy for it does create a great deal of misunderstanding, certainly outside of Guyana.

HOYTE: Well, we can do that again because, as I have said, the principles were clearly outlined by the late President Burnham. He went to great lengths to explain the parametres. It didn't mean that a Party functionary could go and give instructions to a government official or that a Party functionary could go and interfere in the workings of a government agency or anything like that, or that a party was above the

government in a constitutional sense.

It was a very simple concept which made it clear that the government is there to carry out the policies of the party. That policy was made by the party.

KG: It appears that there have been some abuses given the reports that have been received and I can only say that whether or not those reports are accurate that a policy like that might well, in terms of the refurbishing of the Guyanese image, may be in our interest to look at again.

HOYTE: What have been the abuses that have been alleged?

KG: Well, when you say that individuals should not give instructions to officials and so on. That deals with the individual relationships of people and while you may have a certain position at the official level within the party, how people interact on a day to day basis may not always take that into account.

HOYTE: What we have articulated is what happens in all countries in the world. I couldn't see for example one of Mr Reagan's Secretaries of State following a policy which was inconsistent with Republican policy. I couldn't see a Conservative Minister in the UK attempting to follow a policy which was inconsistent with the policy of the Conservative Party.

I can't account for what people write outside, what they interpret and certainly a great hue and cry was made by of all persons, Dr Jagan, who claims to be a Marxist Leninist. I mean, I don't understand what is his complaint.

But as I have said, we have gone to great pains in this country to explain, to people. I am sure that our party people and the people in the Government at any rate, and I believe a large number of people outside, party and Government, understand what the principles are all about.

KG: At a time when you seem to be intent on healing, why should there be this apparent rift between the Anglican and the Roman Catholic churches and the Government?

HOYTE: Well, apparent is the word. First of all, the country is not a Christian country. It is a religious country. We have here a large Hindu community, a large Moslem Community. We have a Christian community. The Christian community is the minority. Within the Christian community you have a large number of different denominations. So that within the Christian community are the Anglicans and the Roman Catholics who are the minorities and the people who are in the indigenous churches are in the majority.

So that when I read about conflict between the Church and the State in Guyana, you know, I know that that is nonsense. It doesn't make any sense. There is nothing in Guyana that you can call the Church. There are churches. There are religious denominations within each religious grouping. There are several churches, temples, mosques.

KG: Would you identify some of these?

HOYTE: Christian churches?

KG: Yes

HOYTE: You have the Methodists, the Presbyterians, you have the Sweden Bjorjians, you have the Mystic Spirituals, the Baptists, the Lutherans ...

KG: And these are all fully supportive. There is no rift with these churches?

HOYTE: No problem at all. As a matter of fact, last week I had lunch with the Methodists who were having their Synod and they invited me to have lunch with them. Last month I was invited by an interfaith group comprising the Baptists, and other churches, to be with them and to say a few words to them. Last month also I was invited to a luncheon hosted by the Islamic Missionary Guild International, which is a large Moslem grouping here. I was the guest of honour. Last week, Thursday I think it was, a large number of Catholics, prominent people in this community, hosted a reception for myself and the Prime Minister.

KG: As individuals, or was this a church affair.

HOYTE: No, no. As individuals. These are people who were meeting as individuals but as a Catholic group, as a group of members of the Catholic Church and at the end of which we had a very excellent discussion on some of the problems with what I could't call the Catholic Church. We don't have any problems with the Catholic Church. We have a problem with some of the people in the Catholic hierarchy.

KG: Did you in your discussion tell them things such as the reasons why Father Connors was deported?

HOYTE: Father Connors has been a problem to this Government for many years. (Let me have my file there). I have a file on him on my desk there now. In 1980 we had to deport Father Connors from a certain place. First of all, he had gone into that area illegally. Because under our laws you can only reside in Amerindian areas with permis-

sion. He had gone there in contravention of our laws.

When we brought this to the attention of Bishop Singh, the Bishop then wrote asking that this matter be regularised and it was then regularised. There is another priest who refused to have his position regularised. He was there illegally and we then had to inform the Bishop that we would have to bring him out. We couldn't have people defying our laws. And Connors and Bridges got together and brought in a number of Amerindians with bows and arrows.

I don't know what anybody told them, but these people came and they tried to get them to march on the police station, a simple police outpost with about three policemen. Now what kind of situation is being created there? What would have happened if the NCO had panicked and fired a shot or something like that?

KG: That was in 1980?

HOYTE: In 1980. And in 1980 we expelled Connors and Bridges from the Rupunini. And since then he has been, let me say, less than a good guest. Because he is not a citizen of this country and and there is no absolute right on behalf of a non citizen to remain in this country. If the Goverment is of the view that the presence of a person is not in the best interest of our country, the Government has a right under our laws to ask that person to leave. And that is exactly what we did to Connors.

KG: Was there any specific incident in recent times which may have led to this?

HOYTE: Yes, there have been incidents reported to me by our security people and I accepted the recommendation of the security people. I am not prepared to go further than that.

KG: What about the circumstances which led to the Barbadian Bishop being kept at the airport for something like a day?

HOYTE: He stayed at the airport waiting for a plane to get back out. Now, when the Connors matter surfaced, there was an attempt to publicise it both internally and externally. It was not a political matter. It was a purely immigration administrative matter.

People were invited to come in here. The cables went out. We took the view that people could come to the island. No problem. Provided theye were not coming here to orgsnise any protest marches, demonstrations or activities like that against the Government.

In other words we considered the Connors matter to be a purely domestic matter and if people in Guyana wanted to demonstrate and to march, fine, they could do that, but we are not going to allow anybody to come from outside and to organise demonstrations, marches, and things like that. People come, Father Pantin came, and he was presented with a questionnaire by the immigration people and he denied that he had come to get involved with any political activity of that kind.

He said that he had come to support Bishop Singh and the Church and to pray with them and he was let in. Bishop Carter came from Jamaica and he made the same affirmation to the immigration authorities and then Bishop Dixon came and he said yes, I have come to participate in demonsrtations, marches and so on. I have come to associate with groups and so on, which were planning marches and demonsrtations and this is a signed document. He signed it. And the Immigration people said fine, well, under the circumstances, we could not let him in.

KG: What were the considerations that led to the refusal of entry of Canute James, the Jamaican journalist?

HOYTE: Well, that was unfortunate. That was just some foolish mistake by the Immigration people. There was no reason why Canute James could not have come in. We let in American journalists and British journalists and people like that. There was absolutely no reason why a Caricom journalist ought not to be let in.

And our High Commissioner in London did speak to Canute James I think, explaining the circumstances, that this was not a government decision. It was bureaucratic bumbling by the Immigration people and he also spoke to the Editor of the **Econimist** I think and the **Financial Times**, the papers for which James writes, explaining and apologising. But there is nothing against James, absolutely nothing.

KG: Is there now any prospect of further electoral reform? Obviously you have just been through an election, but if I read you correctly, your concern is pulling your country together. There are obvious areas of discontent. Are you prepared to consider now further areas of electoral reform to try to satisfy those complaints?

HOYTE: Well the people who are complaining must decide to sit

down here in Guyana and talk about those things. It's no use their running all over the world. Because that's not going to help them. I am not going to pany any attention to what anybody outside says about our electoral system. Now in the same way that I had conversations with Dr Jagan and Mr Fielding Singh, the leader of the other party which was represented in the last National Assembly and so on, and before I held discussions with people who have representations to make, who claim they have concerns of one kind or another. But they must be here in Guyana.

KG: So you not dismiss further changes?

HOYTE: ... (laughter) ... I consider life to be dynamic. What we have now could not be necessarily good for eternity. So we must talk. They must say, to be well these are our concerns. These are our proposals and we can sit down inside or outside and discuss these matters.

KG: The Guyana economy is clearly in distress. What is your strategy for turning it around?

HOYTE: Well, first of all the main difficulty we are facing in this economy is the high price of our fuel imports. High cost rather of our fuel imports.

KG: Although that seems to be dropping rapidly.

HOYTE: Well, there are two things. One is what it takes ... the consumer never gets the full benefit of this, the drop in the price of crude and secondly, it takes some time for the benefits to start to trickle down to the consumer. I am not sure it is going to stay at the low level.

KG: You will forgive me if I hope it doesn't.

HOYTE: (Much laughter). So, our oil bill has moved from something like eight per cent of our total foreign exchange earnings in 1970 to well over 50 per cent last year. So you can well imagine the magnitude of the problem. We are really working to pay for oil. However, there are other problems, the persistent low prices of sugar, the softness of the bauxite market. And things like that.

We suffer from the low price of commodities. We have to do a number of things internally. First of all, take sugar. I do not believe that the sugar industry has any future if it remains organised as it is. Here an industry primarily concerned with the production of cane sugar. So we have to diversify our operations.

And I out it this way, that that industry has become an industry which grows sugar cane as a raw material for producing a number of products. So we have to diversify. We are looking now at the possibility of ethenol, we are looking at the possibility of wider and more efficient use of bagasse, for energy, for stock feed and things like that.

The industry is also diversifying in other ways. It's going into rice production. It's going into dairy ranching, so it is diversifying so that it is not going to depend wholly or primarily upon the production of cane sugar.

KG: While understanding the need to restrict imports, is there likely to be any relaxation of the importation of basic commodities like wheat and flour? This seems to be quite a problem in Guyana.

HOYTE: Well, wheat flour is not a basic commodity. Basic commodity is flour ... whether it's wheat, or rice or, you know, corn or whatever. We are reviewing the situation at the moment. I have said to our General Council as recently as last week, that's the General Council of the party, that we must always maintain flexible positions.

It was never our position that we would never import wheat into this country. In fact, the cessation of the importation of wheat came about not from us, but from the owners of the wheat mill who couldn't get their profits out because we didn't have the foreign exchange. And they decided they would close the wheat mill and therefore we had then to organise ourselves to live without wheat.

Many people don't seem to remember that. They believe that the government took a decision one day that we are not going to import wheat. But that was not it at all. But at present we are doing a complete review of all our policies and programmes. And nothing is foreclosed.

KG: In this general review, are you prepared to look at the concept of tripartite planning which includes labour and the private sector and the State? Is this a concept to which you might subscribe?

HOYTE: Well, are are doing that right now. We do a number of things which really don't hit the headlines be... se they are not sensational. But for many years now we have been let me say consulting with the Trades Unions Congress for the preparation of the budget.

Last year we institutionalised as part of the State Planning Commission an organ which we call the National Economic and Social Council, which comprises 13 different sections of that council, labour, related matters, education and so

on. And the National Economic and Social Council is therefore an integral part of the Planning Commission and contributes to the planning progress.

Recently, I have established an advisory committee on the private sector. This is made up entirely of private sector people. And that committee has been doing extraordinarily good work in the short time it has been in existence. As a matter of fact, they have played and are playing a very important role in the formulation of the budget which is being prepared right now. So that the concept is not one with which we have difficulty. And is one which we are trying to implement.

KG: So that you see the private sector as a growing part of your economy?

HOYTE: Yes.

KG: What about initiatives with other countries. Do you see a changing or improving of your present relations with the United States?

HOYTE: Well, let me say this, that we had very cordial relations with the United States until the incident in 1976 when the Cuban aircraft was bombed and destroyed. And I think about 14 of our young people, our brightest people who were going to study medicine, an area where we are very short of personnel, were killed.

And we did make our position clear on this issue. There was a cooling of relations. The U.S. recalled their ambassador for consultations ... and then President Carter sent out Phillip Habib and Andrew Young on separate missions to restore relations and relations were put back on the rail, and then President Carter lost the elections and with the Reagan Administration all those developments came to a fateful stop, and returned to what one may call in diplomatic language here, correct relationship.

We had some difficulties and the U.S. automatically attempted to block loans for us in the IDB. You probably know about these things. The loan for agricultural sector in 1981, loan for MMA in 1983 and some other loans. However, within recent times, as a result of our dialogue in Washington and here, we have agreed that the whole situation doesn't make sense and we ought to be striving for good, cordial relations based upon an acknowledgement of independence and sovereignty.

And that has been happening. The United States has not attempted to block loans for us in IDB since some time mid last year. These loans have gone through whereas in the past there was automatic opposition. I think that the process of dialogue we have instituted in Washington and here is bearing fruit in that there is no automatic shall I say standoff between the U.S. and our government.

KG: It is evident that you have quite a job on your hands. Questions naturally arise about your control and that prompts me to revert back to earlier reports that there might have been some strain between your Prime Minister and yourself. Is that fact?

HOYTE: (laughter). That has always been one of the amusing things. Prime Minister Green and myself have been close personal friends for many, many years. Long before I got into shall I say, very active politics and long before he was a minister. And there has always been the most cordial relations between us. And there has never been a single instance of conflict between us.

KG: One final question. Guyana has increasingly been moving out of the mainstream of CARICOM for many different reasons, some of which have not been controllable. One of the problems appears to be the lack of communication. Guyana is no longer a member of the Caribbean News Agency. I wonder whether that is in some way a contributory factor to the flow of communication. Has Guyana even considered rejoining the Caribbean News Agency — CANA?

HOYTE: Well, my policy has been to try to strengthen our ties with CARICOM. I'm a committed integrationist and I will do everything possible in my power to ensure that Guyana plays its part in promoting the objectives of CARICOM. That is why, for example, I have sent out a trade team which I think today is in Dominica. It has visited several CARICOM countries with a view to seeing how we can get things moving again.

We did withdraw from CANA. We thought that the reports were not objective. However, we have taken the decision that we will rejoin CANA. We are going to rejoin CANA because I think we should stay in CARICOM and make our case in CARICOM and not outside of it.

And we should respond to any criticisms within the framework of CARICOM and we should give such information within the framework of CARICOM which would enable our colleagues to understand better what is happening in Guyana.

KG: That is indeed a high note. President Hoyte, thank you very much.

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CSO: 3298/337

HONDURAS

CGT WARNS PRESIDENT-ELECT OF 'AGGRESSIVE ACTION'

Tegucigalpa LA TRIBUNA in Spanish 17 Jan 86 p 54

[Article by Francisco Hernandez; boxed material as indicated]

[Text] The Worker and Peasant Movement warned yesterday that unless the future National Congress gives priority to passing two social interest bills, one relating to Point 7 in the Arbitration Act, it would take aggressive action, including a takeover of the Legislative Palace.

The two bills have to do with social interest companies and the representation and participation of the Worker and Peasant Movement in the decision-making, formulation and monitoring of government programs (Point 7); they were submitted to the National Congress in mid-1985.

Oscar Escalante, the adjunct secretary of the CGT [General Central Organization of Workers], stated that inasmuch as the bills have been tabled since last year, they have spoken with the legislators-elect and asked for their immediate passage.

"They are aware that thanks to our intervention in the recent institutional crisis, which culminated with the signing of the Arbitration Act on 21 May 1985, they now hold popularly elected posts and that they too have to comply with the document's provisions," he noted.

He also cautioned that the working and peasant class hopes that the bills will be passed in early February, because they are not prepared to sit back and do nothing, to which end they already have a consensus among all of the country's organizations.

"We will take thoroughly aggressive measures, which will be solely in the interest of the workers, and if possible, we will thus set a precedent in this country," he emphasized.

Escalante also let it be known that the workers and peasants "will not respond if the president-elect, Jose Azcona Hoyo, appoints an unpopular person as director of the National Agrarian Institute (INA)" and that they have suggested several candidates who are familiar with the institute.

He said that it was vitally important to overhaul the National Council for Agrarian Reform (CONARA) because this is the agency that makes land expropriation policy.

A tripartite commission should also be set up among private enterprise, government and labor to analyze economic and social conditions in the country, Escalante indicated.

The labor leader commented that a national accord solely among politicians is not advisable, inasmuch as a general consensus is needed among all segments of society, including the Armed Forces, which have been a very important stronghold in strengthening the democratic process.

[Box]

Point 7 of the Arbitration Act

Point 7 of the Arbitration Act, signed on 21 May at the Honduran Air Force, reads as follows:

"With regard to the active participation of the organizations of workers, peasants and other social segments in the construction of a democratic, pluralist and participatory society, we resolve: a) That steps be taken to complement the mechanisms for their participation in determining objectives and in formulating the national development strategies that serve as a framework for the preparation of the National Development Plan, which must be carried out, regardless of the makeup of future governments of the republic.

"b) Forms of joint management must be established for the workers, peasants and other social segments in the government executive agencies that are in their domain, and the social interest workers enterprises must be promoted.

"c) The National Congress must pass the appropriate legislation to allow for compliance with the provisions of clauses a and b of this document."

8743
CSO: 3248/205

HONDURAS

TNE DISMISSES 'CONSANGUINITY' CHARGES AGAINST MONTOYA

Tegucigalpa LA TRIBUNA in Spanish 21 Jan 86 p 6

[Text] By a vote of three against, one for and one abstention, the National Election Tribunal (TNE) has rejected the challenges to Carlos Orbin Montoya as congressman-elect from Francisco Morazan and to Arturo Ferguson as congressman-elect from Choluteca.

The TNE had investigated the matter in depth last week and although it had been voted on, the resolution was not confirmed until yesterday, when it was made public.

Renan Perez' legal action sought to disqualify Montoya from occupying a seat in Congress, his argument being based on the articles of the constitution that prohibit the election of candidates who have a degree of consanguinity or kinship with any commander or regional chief of a military zone.

According to the petitioner, Montoya is disqualified from holding office because he is the brother-in-law of the commander of the 101st Infantry Brigade, Col Rafael Castro Arita.

The tribunal rejected the challenge, however, stating that like other previous petitions, it had been filed too late.

The vote went as follows: Yolanda de Vargas (Innovation and Unity Party), Adan Palacios (Honduran Christian Democratic Party) and Adalberto Discua Rodriguez (National Party), against the challenge; ruling Liberal Party member Rene Corea Cortes, in favor; and Rafael Palacios Tosta (from the Judiciary) abstained.

8743
CSO: 3248/230

MONARCA MEETS, SELECTS NEW GOVERNING BOARD OFFICIALS

Tegucigalpa LA TRIBUNA in Spanish 24 Jan 86 p 57

[Article by Ludovico Sanchez Turcios]

[Text] The National Party of Honduras, now controlled by the Rafael Callejas National Movement (MONARCA), yesterday elected the legislators who will sit on the Governing Board of the National Congress, the national coordinators and the regional heads of its bloc in the Legislature.

The congressmen who will hold leadership posts in the National Congress on behalf of the National Party were selected at a general assembly of the 63 representatives who were elected on 24 November 1985, with Callejas and Central Committee representatives presiding.

The congressman from Cortes, Gilberto Goldstein, proposed a single slate for the posts on the Governing Board of the National Congress, which is headed by Jacobo Hernandez Cruz and Roberto Ramon Castillo as vice presidents and Teofilo Martell and Rodolfo Irias-Navarro as secretary and assistant secretary respectively.

Goldstein's proposal was backed by the majority of the legislators, led by Olancho lawmaker Carmen Elisa Lobo de Garcia and other representatives of the people.

Goldstein also proposed Mario Rivera Lopez and Nicolas Cruz Torres as national coordinators of the National Party bloc. Torres Cruz had been mentioned as a strong candidate for second vice president of the National Congress, but ultimately, because of his experience, he was chosen as whip of the National Party bloc.

As regional chiefs, Ramon Mejia was selected from the western zone, Raul Aguero from the central zone, Andres Torres from the south and Goldstein from the north.

The slate was approved unanimously, after more than 30 congressmen took the floor to support the choices of Rivera Lopez and Cruz Torres as coordinators of the National Party bloc "owing to their long experience and their

dedication as representatives of the people, which they have demonstrated during the most difficult times that the Honduran nation has faced."

Although the vote was unanimous for the candidates for leadership posts in the National Congress and the party bloc, a number of congressmen were annoyed because they felt that they had won the posts in caucuses. Callejas indicated, however, that "all 63 of the National Party congressmen are capable and honest men who could fill any leadership post. Unfortunately, though, we have to choose the best suited of them, and you yourselves have made the choice."

Working for the Good of the Party

Callejas asserted that "the congressmen who have been selected to sit on the Governing Board of the National Congress must live up to the trust that we have placed in them and do their duty to the National Party constituency in particular and to the Honduran people in general, because it was thanks to their votes that we won the recent election."

He added that Rivera Lopez and Nicolas Cruz Torres were selected as the national party coordinators because of their congressional experience and their outstanding service in defense of the Constitution of the Republic.

He emphasized to the congressmen in general that "I must also call on you to maintain the unity we have shown here, so that the party, through them, can introduce bills that will benefit the majority of the Honduran people."

8743
CSO: 3248/205

SUAZO ADMINISTRATION SUBMITS FINAL REPORT

Paz Barnica on El Salvador

Tegucigalpa LA TRIBUNA in Spanish 25 Jan 86 p 9

[Text] Foreign Minister Edgardo Paz Barnica asserted yesterday at a press conference that Honduras has made striking progress on the road to consolidating its democratic institutions, adding that this is the work of President Roberto Suazo Cordova's administration, primarily the Honduran people and the Armed Forces.

The Armed Forces, he underscored, have taken a truly civic-minded, democratic and constitutionalist approach so as to strengthen the institutions that arise from the people's sovereignty.

Peace Policy

As far as accomplishments are concerned, he repeated that the government had sought to pursue a policy of peace and democracy for Honduras. Within this framework, he added, "we have always cooperated with the Contadora Group, which we helped to create and which we have always reiterated our support of."

He noted that at the inauguration of President Vinicio Cerezo "we signed the Declaration of Guatemala, and I asked that we sign the Contadora Act for Peace and Cooperation in Central America, but unfortunately we did not."

"I had the opportunity," he stated, "to establish ties for Honduras with presidents, chiefs of state, sovereigns and foreign ministers from many countries. I spoke with them and asked them to try and understand Honduras' situation, which they have done in spite of opposing campaigns connected with world political and ideological battles."

Higher Budget

In a brief rundown of his activities, Paz Barnica noted that when he took over as foreign minister on 27 January 1982, the ministry's budget was 11 million lempiras. "As I leave now, its budget totals 23 million or more lempiras."

He commented that the ministry's budget had been doubled so that it could work to further national interests throughout the world.

He also emphasized that one of the last foreign policy actions of the administration that leaves office on 27 January was its praiseworthy preparations for the important transfer of power ceremony.

Failure to Sign Peace Act Regretted

The foreign minister sadly indicated that "I would have liked to sign the Contadora Act for Peace and Cooperation in Central America." He noted that he proposed that it be signed in Luxembourg, Spain and Guatemala because it is a treaty legally binding on the five States.

"We did everything we could, but we ran up against the Nicaraguan Government, which has refused to sign the Contadora Act and even to continue negotiating at the plenipotentiary level, because it ties its signing to resolution of its bilateral problems with the United States."

"He also underscored that "I would have liked to settle the border dispute with El Salvador, which is an age-old dispute. But we did everything we could to settle it with dignity through direct negotiations within the time period stipulated by the 1980 General Peace Treaty."

He emphasized that in spite of all our political determination and good will, the Salvadoran Government refused to soften its negotiating stand. In this regard, he added, there is still the possibility of bringing the matter before the International Court of Justice.

"Furthermore," he cautioned, "we are faced with very difficult problems and with threats to our democratic system. We have the border dispute with El Salvador, which demands solid unity among all segments of Honduran society, but with a spirit of tolerance, kindness, generosity and understanding."

Carias Views U.S. Aid

Tegucigalpa LA TRIBUNA in Spanish 24 Jan 86 p 3

[Text] The president of the Central Bank, Gonzalo Carias Pineda, boldly revealed yesterday that the United States is giving Honduras $50 million in economic aid because Honduras is providing its land in return.

Accepting the fact that Honduras is offering its land in return for the aid, he went on to say that we know what the United States is doing in Honduras, which is part of its complement in Central America.

He indicated that "while Central America is in turmoil, Honduras is helping on that side, clarifying that "we have to define the term of donation, because nowadays no one gives anything away for free" and reiterating that "although this is a donation from the United States, they give us the $50 million and Honduras provides the land."

The Central Bank president indicated that the country's financial situation is quite good because it currently has $140 million in total reserves and administrative control over foreign exchange, besides aid from the International Agency for Development (AID).

He remarked that the increase in coffee prices has also helped, because this is the country's second leading export and will bring in an extra 140 or 150 million, which will be plowed back into production. If this holds for 2 straight years, there will be even greater improvement.

He also emphasized that inflation has been kept low, which is good for the country because the Honduran people's low buying power has held steady.

Carias Pineda said that he was optimistic and noted that the incoming government, which has very capable people, would maintain our currency's real value vis-a-vis the dollar because the country now has experience in this regard and a better base for holding the exchange rate steady.

He said that our currency should not be devalued because it would mean punishing the workers and most of the Honduran people, "to whom we owe all that we are."

Carias on External Debt

Tegucigalpa LA TRIBUNA in Spanish 23 Jan 86 p 8

[Text] The Foreign Debt Negotiating Commission was coordinated by Roberto Galves Barnes and consisted of Roberto Ramirez, Enrique Ortez Colindres, Guillermo Bueso and Edgardo Dumas Rodriguez.

The president of the Central Bank, Gonzalo Carias, said that the commission managed to reschedule 10 percent of the foreign debt, $118 million, adding that the incoming government would hammer out a final agreement.

Carias asserted that President Suazo Cordova was very pleased with the efforts of the Foreign Debt Negotiating Commission and asked the economic cabinet to congratulate its members.

He explained that the current administration did not get the country into debt, that the loans that were taken out have gone to promote exports and that they are being paid back with the foreign exchange that the exports are generating.

"The incoming administration of Jose Azcona will have borrowing capacity, inasmuch as we are up to date on our foreign debt payments," Carias reported, indicating that over the past 4 years, 23 percent of export earnings were earmarked to meet foreign debt commitments.

The president of the Central Bank indicated that Honduras saved $24 million in interest payments on its foreign debt "by not allowing itself to be forced into an agreement with the IMF."

Orellana on Deficit Reduction

Tegucigalpa LA TRIBUNA in Spanish 6 Jan 86 p 6

[Article by Antonio Pineda Green]

[Text] The economy and commerce minister, Juan Miguel Orellana, has recommended the gradual application of a new customs tariff based on the Brussels classification, so that tariff protection of industry is in keeping with the contribution of each company to the domestic economy.

He said that priority efforts should be undertaken to expand and consolidate the social interest enterprises sector as a means of further democratizing our economy with a view towards mitigating the current unemployment problem.

He indicated that the new chief executive, Jose Azcona del Hoyo, should focus on streamlining the administrative procedures for granting incentives; this will attract more investment, which will create new jobs and concurrently boost exports.

Economy in Good Shape

The minister asserted that the main variables in the Honduran economy were favorable for the second year in a row in 1985, with an expected GDP growth of three percent and a four percent rise in prices.

Exports were up 10 percent, he said, as a result of an anticipated rise of 20 percent in banana exports; in addition, world coffee prices have been quite favorable.

He noted that nontraditional exports have continued to expand; he added, however, that there have been pricing problems on the world market; the price of palm oil, for example, has declined by 42 percent.

As far as reducing the budget deficit is concerned, Minister Orellana argued that the incoming government should target it at three percent of the GDP.

Only then, he underscored, can a balance be maintained among the various aspects of Honduran economic policy.

Arriaga on Alternative Allies

Tegucigalpa LA TRIBUNA in Spanish 4 Jan 86 p 7

[Text] The minister of the presidency, Ubodoro Arriaga Iraheta, said yesterday that the United States is not the only source of economic aid in the democratic world today and that there are other sources that are very interested in Honduras.

"There are other countries that know that Honduras needs economic aid so that it can be a very important link in maintaining peace and calm in Central America and so that it can safeguard its security," he stated.

Arriaga Iraheta indicated that the countries that are interested in the Central American situation and particularly in Honduras are the members of the European Economic Community and Japan.

"We know that these friendly countries are going to be responsive to Honduras' situation and have already voiced judgments on the matter. It is very important to have other sources of aid, and Honduras is going to seek them out. It is just a question of having very good relations with those countries and of explaining our problems thoroughly to them, and an answer will come," he asserted.

Devaluation Unjustified

The minister of the presidency repeated that economic conditions do not justify a devaluation of the Honduran currency. He recalled, however, that when President Roberto Suazo Cordova took office, the situation was conducive to a devaluation, but one was not forthcoming, though.

He went on to say that in 1982 domestic economic conditions were quite critical, so much so that the feeling at the time was that Honduras had no choice but to devalue its currency because it was running a huge balance of payments deficit.

At the time, Arriaga noted, "inflation stood at 19 percent; in other words, Honduras had one of the highest inflation rates in Latin America, whereas now inflation is not even 3 percent."

He noted that it was under these conditions conducive to a devaluation that the Suazo Cordova administration began its battle against destabilizing the country's currency, even though the international organizations with which we had heavy financial commitments were calling for a devaluation as the sole answer to the problem.

"Economic conditions have changed with respect to 1982. The conditions that were conducive to a devaluation have disappeared, and the circumstances now quite obviously advise against a devaluation."

Arriaga contended that "the new government can improve these conditions to strengthen the economy and further reduce the danger of a devaluation."

Moves Against Peace

He also said that the international financial organizations and "friendly" countries that are pressuring Jose Azcona's incoming administration to devalue our currency "are placing it in danger and in a predicament for maintaining peace and calm in the country.".

Arriaga did not rule out that the U.S. decision to suspend economic aid might have some political motivation, especially in light of the Honduran Government's refusal to allow the Reagan administration to use Honduran territory for delivering nonlethal aid to the Nicaraguan counterrevolutionaries.

8743
CSO: 3248/232

MONTOYA ON AMNESTY, STRATEGY OF NEW CONGRESS

Political Prisoners

Tegucigalpa LA TRIBUNA in Spanish 27 Jan 86 p 95

[Text] The president of the National Congress, Carlos Montoya, said he was in favor of granting amnesty to political prisoners, adding, however, that the authorities in charge of national security would have to be consulted first.

During last Saturday's session, relatives of political prisoners demonstrated outside the National Congress, demanding that the people's new representatives issue a general amnesty decree.

Leaders of the Association of Journalists of Honduras (CPH) announced that in coming days they would submit the first draft of an amnesty and general pardon to the Legislature for its consideration.

More than 50 citizens whom police accuse of endangering national security are behind bars in Honduras, and both they and their relatives contend that they are political prisoners.

"Before a decision is made in this regard, the authorities in charge of national security will have to be consulted, because we do not want a decree of this sort to harm other sectors; we want all Hondurans to benefit from it," he indicated.

Montoya recalled that early last year he signed an amnesty decree that was vetoed by the Executive Branch during the country's institutional crisis.

Stresses Continuity, 'Pluralism'

Tegucigalpa LA TRIBUNA in Spanish 27 Jan 86 p 7

[Text] In his speech at the inauguration of the Legislature Montoya announced that "in this august hall we will bring about a genuine integration of the Honduran family, by working harmoniously with the other two branches of government on the basis of absolute respect for the freedom and dignity of every Honduran."

"We need such unity among our citizens more than ever now to finish delimiting our borders under international law and to convey to all of the nations in the world the Honduran people's profound devotion to peace," he stated.

Montoya said that he agreed with President Roberto Suazo's comment that the Honduran Congress "is the most eloquent manifestation of the will of the people as expressed at the ballot box."

"And in this National Congress we pledge to the people who in a free and honest vote expressed their fervent desire to consolidate our democracy that we will at all times and with deep-seated conviction respect political and ideological pluralism and that the representatives will combine their efforts and talents to ennoble and to exalt our beloved homeland," he noted.

The president of the Legislature acknowledged the efforts of the Suazo Cordova administration in economic matters, underscoring that "thanks to the technical guidance in economic, fiscal and monetary policy, the country is still relatively stable and has promising chances to further improve its situation in these areas."

"We feel united in the struggle that all of us Hondurans have waged to consolidate a full democracy, that is to say, not just political but social and economic democracy as well," he added.

Montoya also talked about the efforts of the Judiciary last year, saying that the report submitted by the outgoing chief justice of the Supreme Court of Justice, Carlos Manuel Arita, will be intelligently analyzed.

"Our constitution provides that the power to administer justice arises from the people and that justice is administered free of charge on behalf of the State by independent judges and magistrates. This is a very great and beautiful concept, and our people will hopefully fix their gaze on that horizon," he remarked.

He also expressed appreciation for the "patriotic intervention of the organized workers and peasants, and the involvement of the Armed Forces as a professional institution and of the political parties, which during last May's institutional crisis were decisive factors in the solution that guaranteed our democratic system."

8743
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HONDURAS

COTTON GROWERS' PLIGHT UNDERSCORED, GOVERNMENT AID SOUGHT

Tegucigalpa LA TRIBUNA in Spanish 7 Jan 86 p 8

[Text] In a bid to forestall social unrest in the southern part of the country, which is beset by extreme poverty and on the verge of famine, local cotton growers have submitted a formal petition to President-elect Jose Azcona warning him about the situation.

In their two-page document the cotton growers from Valle and Choluteca underscored that after drought, pests and flooding ruined the 1985-1986 harvest, which was valued at more than 3 million lempiras, they suffered steep declines in plantings over an area of 3,200 manzanas [1 manzana=1.75 acres].

The cotton growers' basic demands are cancellation of their debts to BANADESA [National Agricultural Development Bank] and subsidies for the next harvest, so that they can discharge their financial obligations to the bank, to commercial firms and to the Cotton Cooperative of the South, Limited.

They also demanded a support price for future harvests.

The spokesman of the cotton growers, Saul Garcia Zuniga, reported at the close of the meeting that the incoming president was very receptive because he realizes that there is no alternative crop in the southern zone owing to the weather there.

Furthermore, he noted, since cotton growing is both intensive and extensive, it creates many jobs in the countryside, as an average of 66 persons are employed per manzana from the planting to the harvest.

Garcia also indicated that cotton growing also benefits other sectors such as transportation; fuel, fertilizer and insecticide firms, and more than 300 persons who are directly employed at the port of San Lorenzo to gin the cotton.

Garcia Zuniga explained that in recent years cotton has generated around 14 million lempiras in foreign exchange, the amount depending on the world market price.

He emphasized in conclusion that in previous years cotton brought in even more foreign exchange because more than 20,000 manzanas were planted, whereas today only 10,000 manzanas are planted with varieties that are resistant to the prevailing climate in the southern region.

8743
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BRIEFS

LOWER EXPORT QUOTAS ATTACKED--The Honduran Federation of Food Workers Unions (FEHSTRALH) is worried about lower quotas on sugar exports to the United States, because the situation could get worse and harm the workers. Renato Mendoza, the president of FEHSTRALH, indicated that the measure has had an impact not only on growers but also on workers and, in general, on the already depressed Honduran economy. In light of this situation, FEHSTRALH "strongly appeals to the government to be more aggressive in these sorts of negotiations." He added that "although it is true that our country depends on U.S. economic policy, we also have to tell the U.S. Government that it should give us special treatment because we are regarded as its ally." [Text] [Tegucigalpa LA TRIBUNA in Spanish 6 Jan 86 p 7] 8743

MILITARY PERSONNEL ROTATION--Infantry Col Herminio Velasquez Galeano has taken command of the 110th Infantry Brigade, replacing Col Astor Fiallos, who has become an army inspector. Tomorrow, Lt Col Luis Alonso Discua Elvir will become the commander of the Ninth Infantry Battalion in Comayagua, replacing Col Dagoberto Aspra Salgado, who will take over as commander of another battalion in Copan. The new chief of Military Intelligence (G-2) is Col Roberto Nunez Montes, who used to command the First Engineers Battalion in Siguatepeque. He is replacing Col Hector Aplicano Molina, who will become director of the Armed Forces Command and Staff School. Last Monday, Maj Jorge Alberto Coello Moncada took over as head of Armed Forces Public Relations, replacing Col Cesar Elvir Sierra, who will presumably retire because no new post was announced for him. Meanwhile, Officer Napoleon Santos Aguilar has been appointed assistant director of public relations. Col Mario Amaya, who commanded the Special Forces headquartered in La Venta, Francisco Morazan, has been named commander of the Fifth Infantry Battalion. There are also rumors that Col Ovidio Mendoza will take over as director of the National Geographic Institute. It was also learned that Col Miguel Flores Euceda was confirmed as general director of population and migration policy. [Text] [Tegucigalpa LA TRIBUNA in Spanish 8 Jan 86 p 3] 8743

FUSEP ANNOUNCES CHANGES--The Public Security Force (FUSEP) yesterday made major changes in its command personnel in various units, including the General Directorate of Transit, which used to be run by Infantry Maj Salvador Rojas Mendoza and will now be headed by Police Maj Jose Eduardo Coello Hernandez. Coello Hernandez was transferred from his post as personnel chief, where his replacement will be Police Maj Emilio Amador Mendoza, who used to work in the

Department of Civil Affairs, which will now be headed by Maj Venancio Ortiz Alvarado. Ortiz Alvarado was regional chief of police in Comayagua, where he is being replaced by Police Maj Alfonzo Luque Jimenez, who until yesterday was director of Property Police, which is now run by an infantry major named Cuellar. Lt Col Julio Cesar Chavez is headed for the National Police Academy, replacing Col Cristobal Simon Romero, who will take charge of the Police Officer Training School. Meanwhile, the Police Instruction Center, which was headed by Maj Hector Aguilar Claros, will be run by Maj Marco Antonio Alvarenga, who was head of the Operations Department, where Maj Aguilar Claros will be posted. It was reported yesterday that there were also changes in the National Directorate of Investigations, although Lt Col Guillermo Pinel Calix was confirmed in his post. The public relations spokeswoman of FUSEP, Lt Maria Luisa Borjas de Jimenez, said that all of FUSEP's annual rotations would probably be made public today. [Text] [Tegucigalpa LA TRIBUNA in Spanish 7 Jan 86 p 2] 8743

FINANCE MINISTER OUTLINES GOALS--The new minister of finance and public credit, Efrain Bu Giron, yesterday stated that his main goal would be to wage a serious and responsible battle against smuggling, which is doing so much damage to the domestic economy. He will also seek to boost government revenues through more effective collection and cuts in government spending. He asserted that "no thought whatsoever is being given to establishing new taxes, so as not to harm the Honduran people." With regard to the foreign debt he said that there is a rescheduling commission and that attempts would be made to use the loan proceeds for projects that further the country's development. Bu Giron yesterday asked the National Congress for permission to serve as secretary of finance and public credit. [Text] [Tegucigalpa LA TRIBUNA in Spanish 27 Jan 86 p 27] 8743

AZCONISTA MOVEMENT RECEIVES PAYMENT--The Azconista Movement yesterday received a 400,000 lempira advance on the 1.6 million lempiras that Liberal Party authorities deducted from it as political debt. Juan de la Cruz Avelar, the chairman of one of the two boards of the Central Executive Council of the Liberal Party, reported that attorney Carlos Falk, Azconismo's legal representative, received a check signed by him. Avelar reiterated that they are still the Liberal Party's authorities and that the fact that Azcona accepted the 400,000 lempira payment means that he recognizes them as the legal authorities. President-elect Jose Azcona had said that he would not accept partial payments and that payment had to be made to him in full inasmuch as he has overdue financial obligations totaling 1.5 million lempiras that accumulate interest of more than 1,000 lempiras a day. [Text] [Tegucigalpa LA TRIBUNA in Spanish 24 Jan 86 p 54] 8743

JNBS LEGALLY RECOGNIZED--The government yesterday recognized the Union of Workers of the National Social Welfare Board by granting it legal status. The General Central Organization of Workers (CGT) charged in recent days that owing to pressure from the Azconista Movement, Labor Ministry authorities were refusing to recognize the 3,500-member strong organization. They threatened to take over JNBS facilities all over the country, as well as the Labor Ministry, if the workers were denied their right to organize; they also filed

a formal objection to the petition opposing the establishment of the union. In the face of this situation, the ministry yesterday accorded the union legal status, recognizing the rights set forth by the International Labor Organization and the Labor Code. Now that their rights have been recognized by the State, JNBS employees are no longer afraid that when the incoming government takes office, it could order massive firings, as the CGT charged it was planning to do. The ministry also granted legal status yesterday to the Union of Workers of the National School of Agriculture in the city of Catacamas, Olancho. [Text] [Tegucigalpa LA TRIBUNA in Spanish 23 Jan 86 p 6] 8743

CSO: 3248/205

MEXICO

PARTY OFFICIAL DECLARES CLOUTHIER PAN SINALOA CANDIDATE

Goycoechea Luna Seeking Mazatlan Office

Mexico City EXCELSIOR in Spanish 5 Jan 86 pp 4-A, 22-A

[From "Political Fronts" column, by Guillermo C. Zetina]

[Excerpts] Clouthier for Governor of Sinaloa

It is almost a certainty that Manuel J. Clouthier will be the PAN [National Action Party] gubernatorial candidate in Sinaloa, while Emilio Goycoechea Luna is prepared to be nominated for the post of mayor of Mazatlan. Both are former members of the business leadership in the country, Sergio Galindo said.

He was told by the PAN Political Action Secretariat in Mazatlan, Julio Lopez Valenzuela, that internal elections will be held in March to select the precandidates for the gubernatorial, mayoral, local deputies' and city council posts. The time period for the government party is 1 to 15 July, and for the rest, 5 to 20 september.

Clouthier Discusses Candidacy

Mexico City EXCELSIOR in Spanish 9 Jan 86 pp 4-A, 18-A

[From "Political Fronts" column, by Guillermo C. Zetina]

[Excerpt] Clouthier as Candidate

The regional leader of the PAN in Culiacan, Sinaloa, Jorge del Rincon Bernal, has announced that the candidate for the post of governor in Sinaloa will be Manuel J. Clouthier, former president of the COPARMEX [Employers Confederation of the Mexican Republic] and of the Business Coordinating Council.

On commenting on this development, Clouthier said: "I would accept this nomination not to satisfy a personal whim or any ambition. I would do so to make an effort for change in Sinaloa," Alejandro Sicairos said.

The PAN nomination might be made next month, while the nominee of the PRI [Institutional Revolutionary Party] will be known in March or April. Because of the problems he has had in the Chamber of Deputies, Salvador Robles Quintero is practically disqualified. Close behind him in the contest are Francisco Labastida, secretary of the SEPAFIN, Ernesto and Juan Millan, both senators, and some others.

5157
CSO: 3248/210

MEXICO

SINALOA: APPEAL MADE TO ARMY FOR RELIEF FROM 'NARCOTERROR'

Radio Broadcasts Every 20 Minutes

Mexico City EXCELSIOR in Spanish 5 Jan 86 STATES section pp 1, 4

[Article by Alejandro Sicairos]

[Text] Culiacan, Sinaloa, 4 Jan--Every 20 minutes since this morning Sinaloa radio has been broadcasting a bulletin from the Radio and Television Industry Workers Trade Union (STIRT) calling on the army to step in and do something about the wave of violence in the state.

Speaking on behalf of the Business Center of Sinaloa, its president, Francisco Solano Urias, asked that "something be done" to halt the "narcoterror," which has claimed several innocent victims in recent days. For his part, Sergio Orozco Aceves, a former president of the Chamber of Commerce, has called for the intervention of the presidency of the republic.

On the night of 31 December "everyone heard" shots ring out from submachine guns, which are regarded as exclusively military weapons, guns known as "goat horns" and pistols of every caliber.

"We demand punishment for the triggermen of the drug traffickers and protection for the citizenry from the alarming wave of violence that has taken hold of Sinaloa," the STIRT communique states. It also demands punishment for the alleged state Judicial Police agents who are beating and assaulting innocent citizens.

Innocent Victims

Two peace-loving citizens of Culiacan, Alfonso Meza Acosta and Carlos Negrete Vargas, were eating shellfish near the "Rafael Buelna" market when they were hit in the back by bullets from high-caliber weapons.

Daniel Pena, the son of announcer Jose Pena Torres, was stopped by men posing as Judicial Police agents on Olas Altas Boulevard. They gagged, handcuffed and robbed him and then abandoned him near Escuinapa in southern Sinaloa. On street corners and at meeting places the favorite topic today is the many shootouts that are heard, especially at night.

Citizens are flocking to local newspaper offices to report abuses by policemen and assaults by criminals in broad daylight.

Norma Corona Sapiens, the chairwoman of the Sinaloa Human Rights Defense Commission, has asserted that any citizen walking through the streets "is in danger of being killed by a burst of machine gun fire, and this is not a region in which war has been declared."

Rodrigo Lopez Zavala, leader of the Single Union of Workers at the Autonomous University of Sinaloa, has warned that violence has been on the rise in the state, above all over the past few days. In its protest bulletin the radio and television union states that this escalating violence could forebode even worse times unless the authorities put a halt to it.

And at this point, STIRT concluded, the only option is for the army to step in.

Threats Against Campaign

Mexico City EXCELSIOR in Spanish 6 Jan 86 STATES section p 2

[Text] Mazatlan, Sinaloa, 5 Jan--STIRT has spoken out against the pressure, threats and intimidation aimed at getting people to boycott the campaign that it has undertaken to protest the wave of violence in Sinaloa and to demand guarantees for the population.

The leader of the workers at the various radio stations in this port city and in the municipalities of Rosario and Escuinapa, stated that the threats and intimidation have come from anonymous phone callers demanding that the stations call off the campaign; "otherwise, we will break you."

He indicated that STIRT is struggling against the violence and demanding a purge in police agencies and the arrest and trial of the men posing as Judicial Police agents who kidnapped, robbed and tortured two youths, one of them the son of a member of the union's Executive Committee.

He explained that the incident took place on 27 December. Daniel Pena Medina and David Mercado were walking by the Venado Traffic Circle on Olas Altas Boulevard when they were stopped by the thugs, taken to a district near the railway station, bound and gagged, beaten and finally robbed of their money and other belongings.

Andres Ibarra Alba, the coordinator of the state Judicial Police in this port city, denied that his agents were involved and promised to investigate.

He said that the assailants purporting to be agents could be apprehended over the next few days, inasmuch as the car they were driving, a white Atlantic, was reported as stolen and investigations are already under way as to its whereabouts.

Manuel Melendez said that pressure has also come from several licensed operators of local radio stations, such as Oscar Escobisa, who are trying to halt the campaign against violence by arguing that they have received orders from the delegate of the Radio Broadcasting Chamber, Roque Chavez Castro.

8743
CSO: 3248/183

MEXICO

NEW CAPITAL POLICE HEAD TO FOCUS ON REFORMS, BUENDIA CASE

Mexico City EXCELSIOR in Spanish 10 Jan 86 pp 4-A, 29-A

[Article by Luis Segura and Alfredo Jimenez; for related article on Miyazawa, see JPRS LATIN AMERICA REPORT of 29 Sep 82, pp 40-42]

[Text] Following his appointment as director general of the Judicial Police in the Federal District, Captain Jesus Miyazawa Alvarez has announced changes within that institution, while at the same time noting that one of his main purposes is to continue with the investigations to clarify the murder of journalist Manuel Buendia.

"Buendia was one of my best friends. Thus I will do everything I can for my part, as will all of the members of this institution, to shed light on the case. This is a promise to society and we hope to move forward," he added.

Jesus Miyazawa asked for time to look into the status of the file on the case at present.

The appointment of Captain Jesus Miyazawa was announced yesterday morning by Attorney General of the Federal District Renato Sales Gasque, who said in addition that Raul Melgoza Figueroa has left the post of director to head the consignment office in that institution.

Jesus Miyazawa is serving in the general directorate of the Federal District Judicial Police for the second time.

After his appointment, he spoke with reporters briefly and said that he had received direct instructions from attorney general Sales Gasque to undertake a reorganization within the body, to study the resources available and to exercise strict control of all posts, so that those occupying them will fully carry out their duties.

He promised to eliminate the violent actions within the institution, the abuses and physical and moral torture used, according to the denunciations which have been made, in some police commands to clarify crimes.

"It is necessary to have a proper organization to combat crime, and the attorney general is greatly concerned that care be taken with the judicial police personnel. We will take certain steps to check on them, and we must see to it that the citizenry retains confidence in us, in the police, again, so that our actions will have credibility, and this is one of our principal goals."

He admitted that the citizens have lost confidence in the judicial police agents and that for this very reason, it is necessary to exert control over all personnel.

He said that it was not possible to announce the work plan as of that time, but said that he plans to talk with all the commanders to learn the status of the investigations for which they are responsible.

Those who do not carry out their duties properly will be dismissed, and I hope that those who belong to the institution will understand this. Heads will not roll, but we will indeed demand that duties be fulfilled. We will also study the files on each of the individuals, and those who have a criminal record will not be able to continue with the institution," he added.

Miyazawa gave assurance that the image of the Judicial Police of the Federal District will definitely change, and that the doors of his office will remain open to all those who are victims of abuse by any judicial police agent and who want to present their respective complaints.

Captain Miyazawa is a graduate of the Military College and a founder of the Federal Security Directorate. He has held other posts in various government departments, and during the administration of Attorney General Fernando Roman Lugo, he was appointed first commander of the Judicial Police of the District itself. He returned to this body as deputy director during the administration of Agustin Alanis Fuentes, who later appointed him director, which post he held until the arrival of Victoria Adato de Ibarra.

He has also served as director of the North Preventive Detention Center, and yesterday, Renato Sales Gasque appointed him director general of the Judicial Police of the Federal District for the second time.

5157
CSO: 3248/210

MEXICO

CHUMACERO, CALDERON FAVORED FOR KEY CTM POSITIONS

Mexico City EXCELSIOR in Spanish 13 Jan 86 pp 4-A, 28-A, 31-A

[From "Political Fronts" column, by Humberto Aranda]

[Excerpt] Salvador Angulo Navarro, secretary general of the National Trade Union of Paper and Cardboard Industry Workers, has come out in favor of deputy Blas Chumacero Sanchez of Puebla and Alfonso G. Calderon, former governor of Sinaloa, as precandidates for the posts of alternate secretaries general of the CTM [Confederation of Mexican Workers].

" I will vote for them and I believe that this is the general inclination which exists," Angulo Navarro said. In 1981 he was delegated by Fidel Velazquez to nominate Miguel de la Madrid, on behalf of the CTM, as a candidate for the presidency of the republic. Like Velazquez, Angulo Navarro is a native of Villa Nicolas Romero, in the State of Mexico.

Those who are elected as alternate secretaries general at the Eleventh National CTM Congress, as members of the executive committee which Fidel Velazquez will head between 1986 and 1992, will be the virtual successors of the highest CTM leader in the future.

During the six year term which Fidel Velazquez will conclude as the head of his union, the post of alternate secretary general has been held by Blas Chumacero. The post was created 6 years ago. Now, thanks to amendments which will be made to the by-laws, there will be two alternates.

The Eleventh National CTM Congress is scheduled for 24, 25 and 26 February. Meetings of the CTM leadership will be held in this capital city on the 17th and 21st of this month to establish preliminary agreements on the amendments to the by-laws and the membership, in principle, of the new executive committee.

Blas Chumacero, who is the present coordinator of the federal workers deputation, is 83, while Alfonso G. Calderon is now in his 70's.

Fidel Velazquez, who has headed the CTM uninterruptedly since 1950, will begin his new 6-year term as secretary general at the age of 86. The congress which will reelect him will coincide with the 50th anniversary of the founding of this group.

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CSO: 3248/209

BRIEFS

48 CENTRAL AMERICANS DEPORTED--48 Central Americans were deported to their respective countries after being arrested in Tapachula for illegal entry into the national territory, Abel Noe Ruiz and Eduardo Guillen, immigration inspectors in that locality, have announced. Meanwhile, Morelos Secretary of Interior Arturo Cornejo Alatorre announced that a survey of foreign residents living in the municipalities of Cuautla, Jojutla, Tlaltizapan and Tepoztlan will be carried out in order to find undocumented aliens. Ruiz and Guillen said that the municipal jail in Tapachula is always crowded with undocumented Central Americans, mainly from Guatemala, Honduras and El Salvador. They explained that arrests have increased with the inauguration of checking systems at the bus terminals, railroad station and the Viva Mexico checkpoint. Meanwhile, in Cuernavaca, Cornejo Alatorre said that tens of undocumented aliens are staying in Morelos, and for this reason an effort to locate them in order to send them back to their respective countries will be undertaken. He added that there are also reports that a large number of U.S. citizens without proper documents have bought land in the municipality of Tepoztlan. [Text] [Mexico City EXCELSIOR in Spanish 16 Jan 86 States Section pp 1-2] 5157

CSO: 3248/209

NICARAGUA

PSC LEADER OUTLINES NATIONAL SITUATION FOR FRG CENTRISTS

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 23 Oct 85 p 14; 24 Oct 85 p 12

[Text] The Sandinista government in Nicaragua declared a national emergency in the Central American state last week and suspended the most important basic rights for the duration of one year. The rights of free speech, free information, and free movement, and the right to strike were included in the suspension. President Daniel Ortega justified this measure as protection against "aggression on the part of the anti-Sandinista guerrillas and their ally the United States." Regarding this, a spokesman for the Nicaraguan Center Opposition (CDN) declared that the Sandinistas had by this means brought the country to "the verge of absolute dictatorship." Disappointment over developments is also evident in a situation report of the Christian Social Party (PSC) chairman, Augustin Jarquin Anaya, composed by the politician at the request of the national executive committee of the Young Union. A Young Union delegation had visited Nicaragua in April of this year and had held conversations there with opposition politicians. We are publishing the transcript below.

Jose Esteban Gonzales, founder of the independent CPDH human rights commission, Roberto Cardenal, and the co-publisher of LA PRENSA, Pablo Antonio Cuadra, among others, are invited to a "Nicaragua Report" that is to take place on 29 October at the Adenauer House in Bonn.

Prehistory, Present Reality, and Future Outlook of the Nicaraguan Situation

The people of Nicaragua united--and indeed did so without regard for any social strata--for the common struggle against the Somoza dictatorship. In this struggle they saw a way of achieving democracy and freedom, social justice and self-determination. With the support of democrats around the world, the dictatorship of the Somoza clan was destroyed, and power was assumed by the Sandinista National Liberation Front (SNLF), which at that time represented the national and democratic struggle against the dictatorship of the Creole stratum which served U.S. interests. The people were, however, disappointed in their expectations, as the SNLF guided the revolution into paths that took it away from its original goals and let it drift toward a concept that had socially and economically totalitarian features and was linked to the other world power bloc: the Soviet bloc.

This process has been in motion since 19 July 1979, although against the resistance of Nicaraguans who had equally fought against Somoza and who have not given up the hope for a democratic, free and unaligned Nicaragua.

Yet how did it happen that this revolution, that had been so kindly received both at home and abroad, developed in such a disappointing way?

Two causes have been decisive:

1. Democratic circles haVing national and international influence confused the end with the means. The goal was the construction of a thoroughly democratic system--politically, economically and socially--and the fall of the Somoza dictatorship was only the means with which this goal was to have been reached. Circles of national significance (Alfonso Rebelo's MDM, groups of the COSEP--"progressive businessmen"--democratic unions, etc.) and internationally recognized circles (such as the Socialist International and U.S. democratic congressmen) saw in the tyrant's fall the actual purpose of the struggle, and they did not recognize the Marxist-Leninist strategy of seizing all power (in essence, political and military power). As a result they took no measures at all to make the democratic goal of the revolution secure, and when such initiatives were put in motion, they rejected them under the influence of the "SNLF's revolutionary spirit," characterizing them as reactionary, unprogressive expedients, and so forth. A clear example of this is the initiative of the Christian Social Party (CSP) at the beginning of July 1979 which aimed, with the help of the Andean Pact nations (in this case particularly with the Christian Democratic government of Dr Luis Herrera Campins) to put the democratic composition of the ruling junta--dominated 3 to 2 by the SNLF--on a broader basis. This initiative was attacked by none other than the above-mentioned Alfonso Rebelo, as also by the ex-president Carlos Andres Perez and teh Socialist International, and it was boycotted by teh governing Democrats under Jimmy Carter who, as an answer to it, hastened to make an agreement with the SNLF assuring it a hegemonial power position. And thus the SNLF moved into Managua in triumph on 20 July 1979, accompanied by the official representative of the United States, William Bowler.

2. The rise to political, military and economic power of a group which identified itself with Marxist-Leninist ideology was the natural result of the 45-year Somoza dictatorship which, relying on North American support, prevented a thoroughgoing development of democratic structures, favored corruption in government, in effect instigated teh formation of large marginal social and economic groups, and finally, as its era was ending, completely sealed off the political arena and thus presented any legal solution of the country's political problems, so that armed struggle was the only remaining way out, a struggle in which only the Marxist-Leninists had experience and enjoyed international support. Today, 5 and a half years after the fall of the Somoza dictatorship, we Nicaraguans are living with the results of these errors and, as a result of that shortsightedness, are sharing with the rest of Central America the uncertainty of a burdensome future and its results, the ideological identification of the Nicaraguan government with the Soviet bloc.

Today's Reality

As a result of the pressure put on the Sandinista Front from within and from abroad, it found itself forced to set elections for 4 November 1984. These were not democratic elections, rather they were elections in which the government party controlled the electoral machinery, in which Nicaraguans had no proper personal-identity system (the identification system was similar to that used in teh Somoza elections), in which the government party could make use of government resources (trucks, busses, and so forth), in which the government party could put so much pressure on civil servants that the latter voted unconditionally for it, and in which there occurred a violent suppression of all other parties that expressed an attitude of opposition to the government party. These elections--it could be said without exaggeration--were elections which were similar to the elections in Somoza's time.

In spite of everything, one party of the "Coordinadora Democratica Nicaraguense"--a coalition of the Nicaraguan opposition--namely the Christian Social Party, was of the opinion that it was politically necessary to register for these elections (registering does not mean going on with it to the end) because this would achieve the following goals: 1. with the registration, a status of legality is obtained in the midst of a process of increasing totalitarization, and 2. even though the majority of the population in Nicaragua certainly does not agree with the government party, yet the repression and controls that this party applied to the citizens prevent this lack of agreement, this dissatisfaction from being expressed in concrete forms of struggle and expression of opinion, because it was government by fear. In these circumstances, if a legal status could be obtained and public demonstrations and the like could be set up, an outlet could be opened up for this dissatisfaction.

This opinion was confirmed by the first demonstrations that took place with the candidates Arturo Cruz and Adan Fletes in the cities of Diriamba, Managua, Metagalpa and Chinandega, to each of which people came in great numbers despite the lack of transportation and necessary logistical structure. They were people who saw in these candidacies of the "Coordinadora Democratica" an expression of their dissatisfaction with the regime. In this way the totalitarization process set in motion by the Sandinista Front was influenced by a genuine opposition which could bring a dissatisfied population into being.

The Christian Social Party, however, although it advocated this point of view, did not register its candidates, because it belonged to the "Coordinadora Democratica Nicaraguense" and the other members of this grouping intended not to participate, because they believed that by such participation they "would help the government obtain a status of legality, but by not participating they would deny legality to the government created by these elections." The Christian Social Party CSP gave up its position with heavy heart, because it considered it better at that moment to preserve the unity of the democratic groups in Nicaragua.

The elections took place on 4 November. They culminated in a disputed procedure from which the Liberal Independent Party and a wing of the Conservative Democratic Party "withdrew". On 10 January the man who had functioned as the

head of the executive branch, Major Daniel Ortega, took up the office of President. Holding these elections could not solve the country's problems. On the day immediately before the inauguration, 9 January, 10 political parties (of which 5 had participated in the election--altogether 7 had participated) signed a public paper in which it was in effect said that these elections had not solved the country's problem, that the country faced a situation of growing disagreement on the part of the population, and that it was of fundamental importance to arrive at a national dialog as a way of overcoming the crisis and seeking national unity.

To observers of the country's situation in recent months, it has become evident that an economic deterioration has taken place which affects the poorest segments of the population; the deterioration that has taken place in the political field is producing insecurity that has led to a strong migration movement in the Nicaraguan population and is shaking the credibility of the government; a deterioration that is to be noted in the social area is leading to the destruction of families and to a growing polarization; to this must be added a deterioration in the form of increasing conflicts between the troops of the Sandinista Front and the armed groups of the FDN, ARDE and MISURASATA.

In parallel, however, with these deteriorations (as to which one assumes that they weaken the SNLF's position), the process of totalitarization has progressed in the past 5 and a half years, giving the Sandinista Front impetus and allowing it to achieve successes in the fields discussed below.

The Blue-and-White Nicaraguan Flag is to be Seen in All the Military Barracks and Police Installations

1. Complete identity between the SNLF party and the military formations has been achieved. This fact, characteristic for fascist and totalitarian systems, among other typical features in this totalitarization process, seems unfortunately to be unrecognized by some democratic institutions, for example by the Socialist International, which only takes account of formal aspects, leaving out of account more fundamental aspects such as these. The situation is that in military schools Nicaraguan soldiers are taught "to offer the SNLF unconditional loyalty," while the blue-and-white Nicaraguan flag and the red-and-black flag of the ruling party can be seen flying harmoniously side by side in all military barracks and police installations.

2. Government and party have become more and more closely identified. Large numbers of government services are offered with the intent that the citizen who benefits from them will identify himself with the SNLF party. For example, if a farmer wants to obtain credit from a bank he must show his solidarity with the Sandinista Front and virtually has to join its organization for the rural population; and if a peasant wants to become a beneficiary of land reform, he must become a member of the agricultural organization of the Sandinista Front. A student who wants to participate in any special programs of the country's state universities must produce a recommendation from the SNLF youth organization, called the "Sandinista 19th of July Youth." In this way only those among the common citizens who accept the government party (even though they may not like it) can lay claim to a large number of services

offered by the government. Within the government administrative organizations the "National Employees Union"--another Sandinista Front mass organization--is active.

3. In its totalitarization process, the SNLF has also made progress in the creation of arrangements for police surveillance of the citizens. In Nicaragua there are so-called "Sandinista Defense Committees." which completely resemble the "Revolutionary Defense Committees" in Cuba. The most important task of these committees is "revolutionary surveillance" and monitoring of the citizens. These committees issue 2 important papers: a) the "ration card (tarjeta de racionamiento)" with which families in Nicaragua can obtain articles of everyday consumption (rice, beans, oil, soap, corn, milk, etc), and b) the "residence certification (carta de ubicacion)," a confirmation of residence address, needed for taking advantage of many government services (to get a job, to obtain a police certificate of conduct, to obtain a driver's license, to register a small business with the municipal government, and the like). People who speak badly of the government or do not take part in the activities of the Sandinista Defense Committees have trouble getting these 2 papers.

This provides not only a means of surveillance, but also a way to apply economic pressure based on survival worries, to bring the citizens to recognize the Sandinista Front party. People must participate in events arranged by the Defense Committees, must go to demonstrations, must carry out the revolutionary surveillance, which consists of a person's monitoring his neighbors once a week in the small hours of the morning and preparing a report at the end of his tour, in which he is to note which of the neighbors went to bed late, in which houses there were "suspicious" gatherings, which vehicles from elsewhere--with notation of license-plate numbers--came to which persons' houses, etc. etc. Everyone must monitor everyone else, so that a split in the society is brought about, because no one can any longer trust anyone else. The State Security Service (Seguridad del Estado) exercises an effective surveillance of the citizen with the help of experts in this field from the socialist countries.

4. In its totalitarization process, the SNLF has also made progress in the area of the public education system. An aim of public education programs in Nicaragua is that children in their earliest years accept the SNLF party in the same way as the fatherland and see militarism and the use of force as positive values. The children are to learn to revere the national flag and patriotic symbols as well as the flag and symbols of the dominant party, and to pledge allegiance to them; the children are taught "to love" the leaders of the Sandinista Front, the children are also taught to regard militarism and force as values for getting ahead in life--for example, lower-level elementary-school children learn to count with the help of pictures showing guns and grenades. In later years young people are instructed in dialectical and historical materialism as the only instruments of social analysis for the interpretation of history and reality.

5. The SNLF has made progress, however, not only in the 4 areas just mentioned, which are necessary for its hegemonial surveillance of society, but also in the field of social communication, by controlling the mass media. In Nicaragua there is only a single independent newspaper, which is subjected to

strict censorship; there are 4 "magazine" programs, which represent themselves to a shameful self-censorship (these magazine programs can be heard only in the capital); there are a group of stations distributed over the whole country which behave in accordance with SNLF media policy; there are 2 television channels, which are both controlled by the SNLF. In response to this situation, many inhabitants of Nicaragua keep informed through foreign stations, primarily those located in Honduras and Costa Rica, but also the government stations of the U.S., the Federal Republic of Germany, and especially Spain.

Where the Sandinista Front has not yet completed its totalitarization scheme, indeed, there still exist other social linkages, even under the category of political pluralism. Despite their limited capabilities due to repression, parties do exist that represent a genuine opposition to the government; there are still independent labor union groups as well. An interesting situation that has been taking shape in recent years is that the government policy's fanatical advance has led to a polarization which is bringing about a growing isolation of the ruling party: groups that formerly supported the government party (for example, the Liberal Independent Party, the Socialist Party and the Communist Party) are now developing opposition activities that are assuming more and more pugnacious characteristics.

Similarly, in the labor union area there was the so-called "Coordinadora Sindical Nicaraguense" (roughly: Nicaraguan Union Coordination Group), which favored the government and was composed of the "Sandinista Workers Office," the "General Confederation of Workers," with socialist-Marxist tendencies, and the"Committee for Union and Unification"--communist. This union alliance recently broke up, and the General Confederation of Workers and the Committee for Union Action and Unification have taken up positions more critical of the government.

Despite the totalitarization process, or rather precisely as a result of this process, a strengthening of religious feeling and religious structures can be noted in Nicaragua.

The people's religious feeling is steadily growing today, and the moral authority of the ecclesiastical hierarchy is also growing. The recent creation of Bishop Miguel Obando as cardinal contributed to the strengthening of this popular religious feeling. Recently the hierarchy has been pointing with emphasis to the Christian's political duty to take up his responsibility within civil society. There are parallels between the Polish situation and that in Nicaragua.

The deteriorating living standards of the Nicaraguan worker, defective health services, transportation, etc., and the forced recruitment of young men for service in the armed forces are creating great dissatisfaction in the population, which leads on occasion to spontaneous popular uprisings against the government. The towns of Nagarote, La Paz Centro, Tecclostote, Diria and Tisma have recently been the scenes of these expressions of rejection by the people.

A short while ago there came a break in trade relations between the United States and Nicaragua. This is something that the Sandinista Front is

exploiting for its own benefit, as it draws the following advantages from it: a) the Sandinista Front now has arguments with which to evaded responsibility for the mistaken and small-minded economic policy of the country; b) the Sandinista Front represents itself internationally as the victim of the northern giant, and this makes it the object of support from governments and groups which "are acting like Pilate" and washing their hands of the Nicaraguan problem. They criticize and condemn only the North American way of proceeding, while they close their eyes to the totalitarization process and the betrayal of the original principles of the revolution by the Sandinista Front; c) this situation of economic pressure by the U.S. government is also being used by the Sandinista Front to justify its imitation of the Soviet Union, which it has effected voluntarily and on account of ideological agreement. It also wants to justify its closing off of the domestic political arena and its organizing of the people, militarily and in its mass organizations, around the Sandinista Front. The economic price the SNLF must pay as a result of the "economic embargo" is many times lower than the political benefit the Sandinista Front derives from the embargo.

Prospect for the Future

Nicaragua's future situation can not be foreseen. There are numerous national and international factors which each have an effect on the country's problems and prevent the formation of a clear picture with which to take the bearings of what is apt to happen in the coming period. One thing can in any case be stated categorically: that anything is possible in Nicaragua, nothing is permanent, and it is possible that the movement of affairs will be influenced in the direction with which we--the democrats and citizens concerned for the avoidance of violence--identify ourselves. Presently there are some difficulties in the effort to reach our goals, but we must adjust to these difficulties and seek to overcome them.

Difficulties

1. The democratic governments and organizations have no strategies to promote and defend their system, yet there indeed exists on the other hand a very definite strategy of the socialist-Marxist systems--this fact comes very clearly to light in Nicaragua--and thus we conclude that there is no common overall strategy of the democratic states of Western Europe, Latin America, the United States and Canada for Nicaragua.

The North American government has not been able to get West European countries to accept the obligation to defend democracy together with the U.S., which obligation, however, their U.S. ally has accepted with them for the European area. The democratic countries of Latin America and Europe which accepted concrete obligations at the fall of the Somoza regime, are not acting in consonance with these obligations, and we observe in West European countries as well as in democratic countries of Latin America a general attitude that consists of "washing their hands in innocence" (as Pilate once did) in face of the Nicaraguan problem. Despite the fact that they do not agree with the governing style, the foreign policy, and so forth, pursued by the Sandinista Front, they accept no concrete responsibility, but rather behave passively-perhaps in the hope that the U.S. will do the "dirty work," "dirty work" which they are determined to criticize outwardly but toward which they inwardly

harbor other feelings, according to the concrete results that may eventuate--the invasion of Grenada is a typical example of this.

To bring about acceptance by democratic countries in Latin America of the obligation to actively defend democracy in other countries of the continent, it is necessary that the industrialized countries, and above all the U.S., change their economic policy and make possible a strengthening of the economies in these countries by means of economic behaviour that is more just than at present. These measures should free the respective governments from domestic pressures (which result from their economic-political instability) and in addition lend stability to the democratization processes that are getting under way in these countries. An example for this proposition is Peru.

Thus efforts are needed so that these countries enter into concrete obligations with respect to democracy and develop a common strategy to strengthen the possibilities for protection of civil rights by these procedures.

2. On the international plane, greater emphasis is laid on a solution of a military character. Should this come about, which would mean the intervention of foreign powers in Nicaragua, it would be a catastrophe for the Nicaraguans, and it may be doubted whether this would be a guarantee of the creation of a democratic system or whether it would even lead to a stable situation.

3. The operation of "Contadora" presents itself as a great hope for a legal resolution of the Central American conflict. This initiative, however, reveals structural shortcomings that make it impossible for Contadora to be able to bring about the peace and stability that are so warmly desired. The structural weaknesses Contadora suffers from are:

a) Contadora has no legal basis--it is a "good-will" initiative by 4 countries--so that its resolutions are not binding on the signatory states. This is laid down in the document bearing the title: "Nineteen Points of Agreement of Contadora," which was signed by the 5 Central American states, including Nicaragua, without any very significant results.

b) Some Contadora members lack the moral force to move agreements on democratization processes in the Central American countries forward. How, for example, can Mexico demand democracy for Nicaragua within the Contadora group, when a dictatorship by the PRI--which has governed since the Mexican revolution--rules in Mexico itself? And how can Panama call for democratic elections when the present government of Panama is the product of fraudulent elections?

There is yet another institution, the "Organization of American States" (OAS), a regional organization to which the SNLF obligated itself (at the seventeenth plenary meeting of plenipotentiaries, at which Somoza's withdrawal was demanded) to introduce a democratic system in Nicaragua. Regrettably, the OAS has been weakened (as a result of the U.S.-British alliance in the Falklands war), and this has prevented it from demanding the fulfilment of the resolutions of the seventeenth plenary meeting of plenipotentiaries. All the same, the OAS would be the proper legal forum for the resolution of the Nicaraguan conflict.

4. In contrast to this, we must note insufficient support by democratic countries and groups for those democratic circles which, like ourselves, are conducting the citizens' struggle for democracy. This insufficient support is a result of the lack of a strategy for defending and promoting democracy, a situation which can be made clear by the following examples:

Civil groups (parties, unions, clubs, etc.) which identify with the citizens' struggle for democracy and which, under the pressure predominating in Nicaragua, are in a difficult position with their work, do not, regrettably, enjoy enough support by other democratic groupings. In clear contrast to this, the east-bloc countries (despite their scarcity economies) display a strong and steady solidarity with their partners in this country. Just recently, young people from the German Democratic Republic, members of the Socialist Unity Party, made the Sandinista Youth a present of a printing establishment with all its equipment. It becomes known from time to time that a group from the communist parties of Bulgaria, Yugoslavia, Hungary, Czechoslovakia, the communist part of Germany, Cuba (and even democratic groups such as the Young Socialists of the Federal Republic of Germany), and so forth, makes gifts to the Sandinista Workers Office, the Sandinista Boys Association, the Sandinista Women's Association, and in fact all the other Sandinista Front groups, consisting of transportation vehicles, motorcycles, automobiles, megaphones, paper products, audiovisual training devices, toys (for the adults to hand on to the children), sporting goods (which are to be used in their propaganda efforts), books in great numbers, etc., etc. In contrast, there has been no parallel case of similar help for the democratic groups. This is the drama we Nicaraguans are living through.

Another aspect is that, in Nicaragua, a book by Lenin can be bought in a bookstore in every city at a quite affordable price (for example, 40 Cordobas), with a binding that almost amounts to that of a luxury edition. A book by Emanuel Mounier, on the contrary, by Rafael Caldera, a book by Mahatma Gandhi, Martin Luther King or Garaudy can hardly be had; it is possible at best in one or 2 bookstores in Managua, at a price of around 1,500 Cordobas. In this respect there is no real competition, this would be possible at best if there were help for organizations that would set up bookstores in its parishes (the Church already maintains one bookstore here in Managua), and provision could be made for the Church to acquire books which could then be sold to the people at subsidized prices.

A further tragic case is the Boy Scouts. Here we have a youth association that is in the process of dying in Nicaragua because the young people and their families are not in a position to finance all the items of equipment and apparatus needed for camping, and there is no expression at all of international solidarity with Nicaragua's Boy Scouts. The SNLF government does not support them, as they do not fit into its plans (the Scouts are not political groups, they promote in their members belief in God, respect for parents, fostering of the family as the germ-cell of society, and so forth). By contrast, the SNLF promotes the creation of "Young Pioneer" ("Ninos Exploradores") groups (wherein it can rely on contributions from the "socialist" countries); these groups belong to the "Association of Sandinista Children," which fits in with the program and policies of the ruling party, the SNLF.

Apart from honorable exceptions, this concrete, real solidarity with the democratic population of Nicaragua does not exist; what exists in general is encouraging voices, moral solidarity--but this is not enough.

The SNLF's Strategy

The SNLF government could quite possibly orient its strategy for the near future on the following ideas:

The consolidation of the situation in the 5 areas cited in the preceding text, namely: the state-party relationship, the armed-forces-party relationship, the fanatical educational concepts, controls on the citizens, and the dominance of the party over the mass media.

By tactical necessity implicit in the circumstances, it must nonetheless create areas of freedom, in order to improve its image abroad so that it can counter the North American government's policy and again receive international aid from the West. To achieve this, the SNLF government could possibly operate with 4 initiatives:

a) It could look for opportunities to delay the Contadora-group discussion, without its coming to any concrete result; it could in addition promote Manzanillo's dialog with the North Americans, so that it could look for ways, if there were a resumption, to avoid entering upon any obligations concerning the creation of democratic areas of freedom domestically, and it could avoid the initiation of any formal and seriously-intended national dialog with Nicaraguans.

b) It will probably push forward 2 initiatives in respect to the domestic-policy area. These are, first the communal elections, and possibly also legislative elections after the completion of the draft constitution, and second the elaboration of this constitution itself, with which it will seek ways to get economic support from a part of the democratic states of Latin America and Western Europe.

c) It will probably tackle a liberalization of "the country's economy", for which it is enacting a law on foreign investment, and in which it will be concerned to make the centralist economy more flexible, so that it gets more dynamism and productivity and imports improve.

d) It will activate "solidarity committees" in the world, and by means of visits by government commissions try to improve relations with the western democracies. An example of this is the recent visit of Vice President Sergio Ramirez in the Federal Republic of Germany.

Lines of Action

Many internal and external factors must coincide in order to achieve a peaceful solution for the Nicaraguan problem. This solution cannot be produced in a short time (unless unforeseen things happen that surprise the national and international community). Civil liberty must be strengthened, and in particular all areas of political freedom in the domestic realm must be used to strengthen the expressions of dissatisfaction on the national plane, which are

then translated into support for a progressive, democratic alternative devoted to efforts for social progress. A common strategy must be worked out by all democratic civil groups in the national arena, concretely, a strategy that seems likely to continue creating new impulses for bringing about a dialog with all Nicaraguans. Demands for the holding of communal, legislative, and also presidential elections must continue, but, before these initiatives for dialog and elections, the immediate putting into effect of civil rights must be demanded (free speech, free assembly, freedom of residence and religion, etc.). As Catholic Christians, people must abide by the new ecclesiastical guidelines which bind the Christian to take account of his responsibility in civil society.

Connections with civil and democratic organizations abroad must be drawn closer, and is necessary that international dissemination of news about what is happening in the country, and international solidarity expressed in material aid for concrete projects, be improved.

The parties must direct their activity to strengthening their party structures as they build themselves into effective cadre-parties. On the level of domestic relationships, it seems necessary to strengthen the Democratic Coordinating Group, while it distributes its efforts over 2 fields: the political field (in which parties are included) and the economic-social field (in which business and workers are comprised). We must not limit ourselves to these relationships, however, but must rather be open to other parties which are represented in the National Assembly (the parliament).

Despite the structural shortcomings displayed by Contadora, it is one of the initiatives that must be strengthened. One possibility would be to let support be given to the Central American states through Contadora, that is, to create an economic organ in Contadora. In this way, Contadora would have the ability to bring pressure to bear and to give stimulus, according to how the agreements reached within its framework are being fulfilled. The effort to create closer ties between the European Community and Contadora is a step in the right direction.

Naturally Contadora cannot replace the Organization of American States; rather, the latter must become stronger, while taking steps to make Contadora its representative for the Central American region. Contadora must also demand (with references in its documents) that the "decisions of the seventeenth plenary meeting of plenipotentiaries" be fulfilled.

To go forward in this struggle for democracy, justice and freedom, concrete, militant, and evident solidarity is of essential importance.

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1986 NATIONAL BUDGET FIGURES REPORTED

EQUIS X Commentary

Lima EQUIS X in Spanish 16 Dec 85 pp 26-27

[Text] Last Monday, the floor of the Congress of the Republic was the solemn scene of the traditional debate on the Public Budget, this time for 1986. The majority opinion was presented by senator Javier Silva Ruete, chairman of the Bicameral Budget Committee. As is also customary, the Budget Bill included the Annual Budget Law. The primary difference between it and the 1985 one is the larger number of articles. The opposite is true about the Financing Law which has gone down from 162 articles to 14 simple, but essential, articles.

The final figure of revenue and expenditures authorized by the five volumes that make up the Budget of the Public Sector is 37,463,536,000 intis distributed as follows:

Revenue	Intis
Public Treasury Revenue	34,431,799,000
Public Revenue	336,724,000
Signed Loans	2,573,723,000
Revenue by Transfers	121,290,000

Expenditures	Intis
Current Expenditures	22,139,953,000
Capital Expenditures	8,192,583,000
Debt Service	7,131,000,000

In other words, also following tradition, this budget is based on the revenue of the Public Treasury and mainly allocates funds for current expenditures. There are some differences, though, that should be pointed out. For example, in the expense structure, investment goes from 15.8 percent to 21.9 percent although this increase does not entail a proportional reduction in current expenditures. These went from 50.4 percent in 1985 to 59.1 percent in 1986. Actually both--current and capital expenditures--increased their share by

reducing the debt service. The amount allocated to pay foreign creditors goes down from 29.3 percent in 1985 to 11.3 percent for the next fiscal year. This is a big difference, not only in budget planning but in the economic policy as a whole. We are not exaggerating if we say that it is the key to the relative economic success achieved so far by the APRA [American Popular Revolutionary Alliance] government.

Macroeconomic Assumptions

Below are the economic assumptions on which the 1986 Budget Bill is based. They are included in the majority opinion. They are:

Maintenance of the tax structure existing as of 28 July 1985, partially corrected by the emergency economic program applied;

Cost of a gallon of 84-octane gasoline, 17.50 intis or $1.25;

Exchange rate as of 31 December 1985 of $1 = 13,943 intis;

Not more than 10 percent of the total value of exports allocated to debt service;

Capital expenditures allocated for economic revitalization and regional and sectorial orientation of resources based on the priorities defined by the government: the agricultural, education, and health sectors;

Austere but functional current expenditures;

Decentralized public investment with emphasis on microregional projects in depressed zones;

Annual growth of the PBI [Gross Domestic Product] of 3.3 percent;

PBI (in intis of December 1985) of 219,000,000;

Total exports of goods, FOB, of $3,062,000,000;

Total exports of goods and services of $3.8 billion; and

Total imports of $1,786,000,000.

As to the PBI, its growth will be based fundamentally on growth in the agricultural-livestock and manufacturing sectors. The former would grow at an annual rate of 4.5 percent while the latter would grow at a rate of 4.2 percent. The lowest sector would be mining as a result of the combined effect of the increased production of copper and decreased production of crude oil.

Treasury, Taxation

The basic source of revenue, we repeat, is the Public Treasury. The revenue of the Public Treasury is based mainly on tax revenue. This is obvious in the following figures. Total revenue is 37,463,536,000 intis.

1986 Public Treasury Revenue
(millions of intis)

Source	Amount
A. Tax revenue	32,046
1. On revenue	3,934
Income	3,672
Wages	240
Other	22
2. On assets	1,423
Business assets	1,398
Other	25
3. On imports	7,120
4. On exports	642
5. On production	20,479
IE: Exports	682
IGV: Imports	2,265
IGV: Other	3,420
IS: Fuels	11,040
IS: Other	2,652
Other	420
6. Other tax revenue	802
CV: Foreign Currency	396
CB: Foreign Currency	---
Tax Amnesty	250
Other	156
7. Certificates	-2,354
CERTEX [Export Certificates]	-1,398
Other	-956
B. Non-tax revenue	1,949
1. Rates	192
2. Discounts for retirees	204
3. Sales (Bs. Ctes.) and Services	7
4. Property revenue	996
Oil royalties	(900)
Other	(96)
5. Fines	180
6. Food recovery	370
C. Capital revenue	437
Profits from public enterprises	437
Total Public Treasury Revenue (A + B + C)	34,432

Expenditures, Debt

Three classifications can be used to analyze the structure of public expenditures in 1986. First, there is the so-called economic classification that divides expenditures into current, capital, and debt service. Current and capital expenditures in 1986 will absorb a total of 81 percent while the debt

service will absorb 19 percent. The foreign debt service will account for 11.3 percent of public expenditures.

Secondly, there is the functional classification of expenditures that divides them by sector. According to this, the economic sectors (ministries of agriculture, fisheries, energy and mines, transportation and communications, and industry and tourism) absorb 16.3 percent of the budget, with the agricultural being the highest with 8.8 percent. The social sectors absorb 15.5 percent with the education sector having the highest, 10.4 percent. The so-called general sectors (defense, interior, and debt service) account for 56.2 percent. The rest is divided between multisectorial expenses, 2.4 percent, and financial investment, 0.7 percent.

Third is distribution of the total revenue of the central government by requests. Following tradition, it can be observed that the Ministry of Economy takes the lion's share, 34 percent. A major share also goes to the Ministry of Education, 15.5 percent. As to departmental distribution of the budget, we must point out that although Loreto has the highest total revenue (especially due to oil royalties), Puno receives the largest transfer from the central government. This is an unequivocal sign of the popular orientation of the current government.

CARETAS Analysis

Lima CARETAS in Spanish 9 Dec 85 pp 21-24

[Text] The temperature was warm enough when the president went out on the balcony of the Palace last Friday. However, President Alan Garcia decreed a freeze until June; there will not be any devaluation or increase in the price of gasoline.

In this way, he put his house in order just before presenting the 1986 Budget for the Republic to Parliament. Even Minister of Economy Luis Alva Castro had timidly announced an increase in gasoline prices in the coming months.

The reason? Simple. About 30 percent of the budget revenue is based on the fuel tax. Through devaluation, the price of gasoline ($1.25 per gallon) increased and, consequently, revenue increased.

The new situation requires a tax reform that increases direct taxes. It also presents another way of looking at the 1986 budget. There is a tale to tell and it is certainly interesting and new.

First, Minister of Economy Luis Alva Castro announced in Parliament that the 1986 Budget would total 52 trillion soles. Then deputy Remigio Morales Bermudez spoke of a "deflated" budget that would be cut to 45 trillion soles. President Garcia immediately announced that the budget would not be cut because this would be equivalent to stopping revitalization.

Surprisingly, Alva Castro ended the argument himself, announcing a budget of 37 trillion soles. After the speech on the balcony, the Bicameral Budget

Committee met on Saturday to give the final touches to the document. The debate will start in Parliament on Monday since, according to the Constitution, the budget must be approved before 11:59 pm next Sunday, 15 December.

The chairman of the Bicameral Budget Committee, Javier Silva Ruete, will present the majority opinion. Apparently, the well-known minister "Bokassa" wants to be the only one to speak, taking over despite the fact that he is not a member of APRA. Things will get complicated since Remigio Morales Bermudez, vice chairman of the committee, also has something to say. This is strangely similar to another phase of our history.

However, the main struggle for this frozen budget treat is already over. First, the minister of economy and his "boys" paraded through the corridors of the third floor of Congress, where the bicameral committee works, to justify and support the bill. They were followed by a representative of the Judicial Branch--for whom it did not go well--the vice president of the National Election Board, the president of the Court of Constitutional Guarantees, the heads of the departmental development corporations, and even the rectors of some universities.

After this parade, pressures increased to such an extent that the deputies from some departments were ready for war last week, trying to increase the transfers from the Public Treasury to their respective corporations. Others, like the Piura deputies, looked for a way to receive "some little thing" from the Treasury despite the fact that the new budget indicates that those departments that receive royalties will not receive transfers.

Finally, in some provinces there was a call for a strike from no one other than the municipalities themselves--as in the case of Maynas--trying to pressure for more funds. At the end, it was all a false alarm and the "poor" departments that receive royalties (Loreto, Piura, Ucayali, Tumbes, and the Constitutional Province of Callao) must resign themselves to it and nothing more.

Zero Inflation

Actually, the fact that the budget has gone down from 52 trillion to 37 trillion soles does not mean that expenditures and revenue will be lower. It must be compared to this year's budget of 23 trillion.

In January 1985, the dollar was at 6,000 soles so there was a hypothetical budget of $3.8 billion. At the end of the year, in spite of the supplementary credits that increased the real budget to 27 trillion soles, it had gone down to $2.7 billion at an average of 10,000 soles per dollar.

The 1986 budget yields a similar figure: 37 trillion soles at 14,000 soles per dollar equal approximately $2.85 billion. In other words, using a budget with zero inflation, there is a budget base but expenditures and revenue will increase at the rate of inflation.

They do not want to predict what the rate of inflation will be next year in order to avoid inflationary pressures that would affect the success of the freeze in the short-term economic program. Silva Ruete said: "It is like asking the minister of interior to predict how many earthquakes there will be next year."

Precisely in order to not cause more earthquakes, the idea of this budget proposal is to avoid speculation. Whenever the government risked a rate of inflation in the budget, at the end it was twice that, creating a certain instability in the financial sector. Now, according to the new method, the budget will be readjusted quarterly based on the inflation reached in that period. The corresponding expansion would then be approved.

The macroeconomic assumptions that have not been frozen are as follows:

The PBI would grow 3.3 percent which would equal 219 billion intis (in constant intis of December 1985), approximately $15 billion.

Total exports--goods and services--should be about $3.8 billion, with exports of goods reaching $3,062,000,000.

Imports have been reduced from $2.5 billion in the original executive bill to $1,786,000,000 while exports have gone from $3,342,000,000 to $3,062,000,000. This permits a very positive balance of payments which, in turn, insures an increase in foreign reserves--in other words, strong endorsement for the Peruvian debt negotiations at the end of January of next year.

As to exports, these should increase during the year, not only by incorporating inflation in the figures but in real terms. To do this, Richard Webb proposes an alternative avoiding inflationary minidevaluations (see interview). The magazine 1/2 DE CAMBIO has proposed another interesting idea through the so-called "Export Inti." The exporters would receive special 90-day revolving credits at an annual cost of approximately 10 percent. This would benefit the exporters, commercial banking, the BCR [Central Reserve Bank] and even the government.

As to imports, the budget will be criticized by at least the IU [United Left] since these have been reduced compared to the original budget. The IU, through deputy Carlos Tapia who will present the minority opinion of the bicameral committee, will ask: How can there be revitalization if there are not enough supplies?

Revenue

The revenue has been calculated in intis of December 1985. It will total 37,463,000,000 intis.

The tax reform announced by President Garcia himself will be done through legislative decrees of the Ministry of Economy and Finance. This is established by Article 12 of the Financing Law approved last Friday. It also stipulates that a parliamentary committee must present a report to the Executive

Branch before 31 December. It involves changing the tax structure, emphasizing direct taxes instead of indirect ones. If only it were a matter of expanding the tax spectrum and not of squeezing even more the few that are taxed.

The debt level for next year is 2,573,000,000 intis, 6.9 percent of the total revenue of the central government.

Foreign loans account for 97.8 percent of the total. Of this amount (2,526,000,000 intis), 32 percent will go to INADE [National Development Institute].

Expenditures

The expenditures of the central government are broken down as follows. Current capital expenses total 22.14 billion intis--that is, 59.1 percent of total expenditures. Capital expenditures reach 8,193,000,000 intis or 21.9 percent and the debt service (foreign and domestic) totals 17,131,000,000 intis or 19 percent of total expenditures.

It is interesting to point out that the percentage allocated next year to defense (ministries of war, the Navy, and aeronautics) and the Ministry of Interior is higher than that allocated last year. Next year the total is 26.2 percent compared to 19.6 percent of the budget this year.

Where the efforts toward disarmament are clear is in the debt for the purchase of armaments by the defense sector. In 1983 (year of the Mirage purchases), the debt reached $830 million. In 1984, it was $250 million; in 1985, it reached $200 million; and next year only $100 million can be owed for the purchase of armaments.

As to priority for the agricultural sector that President Garcia indicated, the 2.8 percent that goes to it based on budget requests only covers administrative expenses. Actually, agriculture gains importance in the budget since 80 percent of the budget allocated to INADE will go to the agricultural sector.

If INADE receives 4.9 percent of the budget, 4 percent will go to agricultural investments. A similar thing occurs with the development corporations that are included in the budget of the Ministry of Economy and Finance (34 percent of the budget). Of the amount allocated to the corporations, about 40 percent must go to agriculture (especially in the microregional projects). This means 3.2 percent of the budget goes along this route to agriculture.

Therefore, 4 percent of INADE's budget, 3.2 percent of the corporations' budgets and the 2.8 percent that corresponds to the budget requests of the agricultural sector yield a total of 10 percent of the budget. This is a substantial increase since last year the sector was allocated only 4.6 percent of the total.

One of the other novelties in this Christmas budget is decentralization. The Executive Branch is given 90 days to indicate the new headquarters for the

ESTRUCTURA DEL PRESUPUESTO POR SECTORES
(1981 – 1986) (%)

	1981	1982	1983	1984	1985	1986 (última versión)	1985 30	1986 30 (última versión)
1. PCM	0.78	3.29	3.71	0.74	0.22	0.2	0.34	0.26
2. SENADO	0.06	0.10	0.07	0.08	0.12	0.3	0.19	0.32
3. DIPUTADOS	0.16	0.21	0.17	0.18	0.22	0.4	0.33	0.56
4. PODER JUDICIAL	0.48	0.46	0.49	0.51	0.43	0.4	0.65	0.51
5. JNE	0.05	0.03	0.08	0.05	0.07	0.05	0.10	0.08
6. JUSTICIA	0.39	0.43	0.64	0.66	0.44	0.7	0.66	0.8
7. INTERIOR	5.36	5.34	6.65	7.35	7.55	11.3	11.40	14.0
8. RR.EE.	0.59	0.55	0.61	0.89	0.96	1.2	1.44	1.5
9. GUERRA	3.78	3.82	4.21	4.94	5.69	6.9	8.60	8.5
10. MARINA	3.05	2.89	3.13	3.26	3.31	4.3	5.01	5.4
11. AERONAUTICA	2.93	2.73	2.75	2.82	3.11	3.7	4.70	4.6
12. MEF	31.91	32.56	31.43	30.00	51.37	34.0	26.52	18.4
13. EDUCACION	8.78	10.95	11.44	10.98	9.60	15.5	14.50	19.2
14. SALUD	4.37	4.83	4.10	4.40	4.17	6.4	6.30	7.9
15. TRABAJO	0.18	0.13	0.15	0.13	0.14	0.14	0.20	0.18
16. AGRICULTURA	2.11	2.20	2.32	2.57	2.55	2.8	3.90	3.5
17. INDUSTRIA	0.21	0.71	0.32	0.37	0.26	0.3	0.39	0.4
18. TRANSPORTE	3.84	4.88	4.97	4.58	4.60	4.00	6.96	5.0
19. ENERGIA	1.34	0.30	0.24	0.39	0.35	0.6	0.52	0.7
20. VIVIENDA	0.84	0.37	0.29	0.18	0.13	0.1	0.19	0.13
21. PESQUERIA	0.53	0.41	0.22	0.19	0.29	0.4	0.43	0.7
22. CONTRALORIA	0.07	0.07	0.09	0.12	0.11	0.14	0.16	0.12
23. INP	0.08	0.07	0.06	0.05	0.04	0.1	0.06	0.12
24. INACOMS	0.05	0.03	0.06	0.11	0.13	0.1	0.19	0.10
25. MIN. PUBLICO	—	0.10	0.20	0.22	0.17	0.2	0.26	0.23
26. COOPOP	0.87	1.22	1.53	1.08	0.69	0.6	1.04	0.7
27. TGC	—	—	0.03	0.02	0.01	0.05	0.02	0.001
28. INADE	—	—	—	3.20	3.23	4.9	4.88	6.0
29. MINISTERIO PRESIDENCIA						0.05		0.05
TOTAL						100.00		100.0

The chart shows sectors that remain the same or grow slowly like the Armed Forces and ones that increase like Education and Health. Some grow steadily like the Interior which must confront subversion and criminals. The two columns on the right do not take payment of the debt service into consideration. According to the APRA parliamentarians, with this new type of budget there will not be any secret expenses or dark pockets covered up by expanded entries. Therefore, Parliament will be better able to supervise.

Key:

1. PCM
2. Senate
3. Deputies
4. Judicial Branch
5. JNE [National Election Board]
6. Justice
7. Interior
8. RREE [Foreign Relations]
9. War
10. Navy
11. Aeronautics
12. MEF [Ministry of Economy and Finance]
13. Education
14. Public Health
15. Labor
16. Agriculture
17. Industry
18. Transportation
19. Energy
20. Housing
21. Fisheries
22. Comptroller's Office
23. INP [National Institute of Planning]
24. INACOMS
25. Public Ministry
26. COOPOP [Committee for Popular Organizations]
27. TGC [Court of Constitutional Guarantees]
28. INADE [National Development Institute]
29. Ministry of the Presidency
30. Latest version

public enterprises. They must be located where the enterprises operate--that is, the offices of HIERROPERU [Peruvian Iron Mines Enterprise] in Marcona, SIDERPERU [Peruvian State Iron and Steel Enterprise] in Chimbote, etc.

Another article returns the commerce sector to the Ministry of Economy and Finance. Finally, at the initiative of deputy Alfredo Barnechea, payment of more than 10 percent on the debt is authorized if done with nontraditional products.

Two in One

The 1986 budget is, then, a budget with a split personality. One will be approved this week in Congress with zero inflation and zero devaluation. The other which will be executed beginning next year will require readjustments each quarter.

The supervisory function of Congress should be pointed out here. The budget expansions requested must be accompanied by their respective source of revenue and will first be sifted through the bicameral committee. This will avoid those "dark pockets" and secret expenses hidden behind apparently innocent requests for expansion.

The IU will make its most important criticism of the government budget based on this point. To the "Reds," this budget which does not contain the main macroeconomic assumptions will create more expectations than if it included them. Each will make his own calculations, the IU argues, generating not only expectations but confusion. In their minority opinion, they estimate that inflation will be approximately 60 percent to 70 percent. Now the government must prove them wrong. The success of the program rests on this.

Quarterly Adjustment Planned

Lima EL COMERCIO in Spanish 19 Dec 85 p A-4

[Text] The quarterly evaluation of the 1986 Budget of the Republic can lead to restructuring of the entries for expenditures and investments, but not necessarily the approval of a "large supplementary credit" to change the budgeted amount.

The restructuring will be done based on the evolution of the rates of inflation and exchange.

In this way the vice chairman of the Bicameral Budget Committee, deputy Remigio Morales Bermudez, explained the effect of a periodic follow-up to the budget.

The state will be given the necessary margins to change investment priorities, not necessarily through supplementary credits but through financed transfers.

Morales Bermudez recalled that, in the past, public entities requested supplementary credits because of devaluation or a price change.

It was done without knowing how expenditures, investments, and revenue were going. "In other words, credits were given blindfolded."

Fiscal Deficit

In order to give supplementary credits after evaluating the behavior of the macroeconomic variables, this additional expense or investment will have to have the required revenue.

Morales Bermudez emphasized that the APRA government is not going to resort to inorganic emission as a source of financing in this quarterly evaluation process.

The deputy commented that if the revenue does not act the same as expenses or investments, we will be facing a fiscal deficit.

Morales Bermudez emphasized that the important thing is that this fiscal deficit would be or would not be inflationary, depending on how it is financed and used.

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PERU

NEWSPAPER SUPPORTS DECISION TO FREEZE FUELS, DOLLAR PRICES

Lima EL COMERCIO in Spanish 15 Dec 85 p F-1

[Text] The decision to keep the prices of the dollar and fuels, especially 84-octane gasoline, frozen for the first half of 1986 is a step toward deflating the natural expectations of the economic agents when notified 3 months ago about changes at the end of 1985.

The decisions last week extend the horizon by 6 months and pave the way toward stability--that is, toward minimal inflation.

So that there is no question about it, the government through the deputy minister of economy, Gustavo Saberbein Chevalier, expressed an idea Wednesday at a seminar organized by the Bank of the Nation. This idea should be carefully weighed: "There is no compromise against inflation."

This would indicate, beyond any speech, the decision of the Executive Branch to get rid of the inflation rooted in the Peruvian economy since the 1970's.

It is obvious that the monthly average of 2 percent inflation is not enough to tame the wild horse of price increases.

January was traditionally a month of adjustments and price increases in all sectors. The state itself contributed to this legend or saga.

Everyone from building landlords to sellers of fabric, groceries, and school supplies took advantage of this occasion to "adjust" prices.

This deflation of expectations is an attempt to reach a monthly average of 1-percent inflation and end the tradition of increases.

We hope the economic agents follow the government initiative.

This will be reinforced by strict fiscal discipline in the government. The Treasury will meet its needs with the resources it collects and the relief of less foreign currency going out for payment of the foreign debt.

Why Not Devaluate?

Different reasons have been given like:

a) The 12-percent devaluation in August;

b) The creation of the financial dollar that opens the door to the open market;

c) Devaluation of the dollar compared to European currencies;

d) The surplus trade balance of more than $1 billion; and

e) No need for foreign currency due to the decision to only pay 10 percent of the public debt.

It would also be necessary to add the correction of the exchange rate during the first half (see chart drawn up by the unit of economic studies of the Continental Bank), basically to protect foreign reserves.

That devaluation was the "cushion" that now permits a better handling of this factor or variable.

Signals to Businessmen

To the businessmen, the equilibrium of the dollar price as well as the low interest rates and the freeze on fuel prices are important signals that will influence treasury decisions and budgets for next year. Things will continue the same at least for the first 6 months.

The only delicate part is the safeguard of parity to develop nontraditional exports and discourage imports of luxury articles.

The inflation goal for 1986 is about 40 percent. This contrasts with inflation this year of more than 180 percent.

The important thing now is to lower it from 11 percent to 2 percent per month.

Another signal that the deputy minister of economy sent during the seminar of the Bank of the Nation was that no tax increases are planned, but an increase in tax pressure based on revitalization of production is expected. The pressure would increase from 16 percent to 18 percent of the PBI [Gross Domestic Product].

Did Revitalization Begin?

At the beginning of the week, the minister of economy claimed: "A significant recovery in production is beginning to be seen." He indicated that, in the fourth quarter of 1985, the growth of the PBI will be 4 percent more than in the third quarter.

Alva Castro maintained: "There are many encouraging signs of economic recovery." He announced the following data.

"Moderate growth is predicted in the agricultural-livestock sector while the mining sector would grow 7 percent compared to the previous quarter due to the absence of major labor conflicts. In industry, indicators of the industries that process raw materials show a sectorial growth of 4 percent. In construction, there has been a recovery in cement sales for October."

The main economic branches or those with the greatest multiplying effect like the generation of electrical energy, the steel branch, and the production of fertilizers show greater dynamism.

Industrial Sales

He also reported on a survey of industrial and commercial establishments taken by the BCR [Central Reserve Bank].

In November, the BCR questioned 65 industrial enterprises and 27 commercial ones, revealing increases in October compared to September.

About 72 percent of those surveyed reported increases explained by using up the inventories of the commercial enterprises and, to a lesser degree, an aggressive publicity campaign by the producers (shoes, paints, beverages, and foods). In September, only 34 percent had reported increases and, in August, only 4 percent.

Although seasonal increases are normal for the rest of the year, the prospects are good, according to Luis Alva Castro, minister of economy and finance.

He said: "All these indicators are available to the news media, the professional associations, and the opposition parties so that they can analyze them and draw their own conclusions."

Finally, Alva Castro stated that 1986 will be the year of economic development as has already been announced.

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ST CHRISTOPHER AND NEVIS

LABOUR PARTY MEETING REPORTED, REACTION FOLLOWS

Speeches at Rally

Basseterre THE LABOUR SPOKESMAN in English 15 Jan 86 p 1

/Excerpts/

The Labour Party held a public meeting at Greenlands Park, Basseterre, last Sunday (12 January) at 8.45 p.m. This was the first public meeting of the Party since the General Elections in June 1984.

In opening the meeting, Comrade Lee Moore, Leader of the Party extended New Year greetings to the large crowd in attendance and then turned the meeting over to the Chairman of the Party Comrade Charles Mills, who is also Leader of the Opposition in the National Assembly.

After the singing of "O GOD, OUR HELP IN AGES PAST" and the reading of 1 Samuel Chapter 8, Comrade Mills explained that LABOUR's silence since June 1984 had been the result of a deliberate party decision.

However, the Party had been very active internally. A Party Annual Conference had been held in May 1985, the National Executive was meeting regularly, and the business of the Party was being transacted efficiently.

Party Leader, Comrade Lee Moore, was the final speaker. He said, "Everywhere the people are crying and bewailing their conditions but many are obliged to complain under their breath for fear of recriminations."

"... The nation requires a voice for the many ills now afflicting it."

"The Labour Party is here willing to speak for all these groups and for all who know there must be a BETTER way and who want to help to find it."

"The Labour Party is calling on all who are genuinely interested in saving our country to put aside petty and superficial differences and join together to bring a new sense of direction to the country".

Comrade Moore noted the many areas in which a backward trend is noticeable.

He observed that there has been a continuing attack upon the human rights of the people - the Rights of Freedom of Speech, Freedom of Association, Freedom to hold political opinions of one's choice, Freedom to Work and Freedom from Fear.

He said we must not be surprised if we have a shooting police force.

"They are equipped to shoot and they are motivated to shoot people considered inconvenient."

He noted that although the country was theoretically described as a parliamen-

tary democracy, our society was far from being democratic.

He said an oligarchic clique was being built up - a ruling class separate and distinct from the ordinary people.

Preferment is given only to certain families who are closely inter-related.

The Party Leader condemned the absurdity of appointing Terry Byron as an Ambassador to Taiwan resident in St. Kitts.

He also noted that since the country has achieved political independence there has been a deliberate surrendering of the country to foreigners in an apparent confession that we are not able or ready to assume responsibility for our destiny.

Critique of Speeches

Basseterre THE DEMOCRAT in English 18 Jan 86 pp 11, 12

/Article by Roy Jones: "Labour Party Union Relegated to Junior Middleweight Division"/

/Text/

Last Sunday night, I listened in surprise to a Public Meeting at Greenlands, Basseterre, by the St. Kitts-Nevis Labour Party and Union, their first outing since the landslide defeat they suffered in the June '84 Elections. The surprise was because, I expected more and better from the Labour platform speakers. Judging from that performance and the mess the Organisation is in, I would say, in boxing terms, that the Labour Party/Union is relegated from the Heavyweight Division they occupied in the 1970's to the Junior Middleweight Division. You see, unlike the Labour leaders, I believe in the commonsense of the ordinary person and of my reader.

Their speakers were Chairman and Leader of the Opposition, Charles Mills; Secretary, Joe France; Treasurer, Fitzroy Bryant; Deputy Leader, Henry Browne and Party and Union Leader, Lee Moore. Former Labour stalwart, St. John Payne, who resigned as a member of the Party executive after his stunning defeat at the polls, was conspicuous by his absence. It was reported that Lee Moore is grooming Clifford Thomas Moore's long-time pal and hanger-on, to replace St. John.

The Labour leaders told a lot of half-truths and downright lies on Sunday night. They discussed the: South Africa issue; 1986 Budget Debate; Ambassador-Designate, Lawyer

Terence V. Byron; T.S.I.'s closure; B.W.I.A. flight arrangements mix-up at Golden Rock Airport that caused problems to over 100 Nationals returning to overseas residence in Canada and their version of the state of the economy.

They were quiet about the 1986 Sugar Crop and remained completely silent on such burning issues to their supporters as the: 1984 General Election Results; St.John Payne's SHAM ELECTION PETITION, CARIBE QUEEN Libel Case and the $75,000.00 Damages, Sale of a section of Masses House to repay part of Labour's crippling debts, ideological problems caused by their political party and trades union being one and the same thing, and their serious leadership problems. Nothing at all was mentioned about these issues, much to the disappointment of their right-thinking supporters.

Chairman Mills did not give an address. He was satisfied just to make comments in-between introducing the speakers. France spoke for about one minute only, which Mills in a face-saving attempt described as short but sweet. Bryant ranted and raved, living up to his description by the High Court Judge in the CARIBE QUEEN Libel Case who said that Bryant is a compulsive liar and that it is difficult to believe anything he says. One of the lies Bryant told was on me. He lied when he said that I wrote in last Saturday's DEMOCRAT that I knew about T.S.I.'s closing a long time ago. But I have come to expect that kind of behaviour and worse from Bryant and those he can still influence.

Labour's Deputy Leader went off on a tangent. Ask anyone who was present! His own comrades on the platform had to shout at him to cease his run-away abuse of Ambassador-Designate to the Republic of China and the Republic of South Korea, Lawyer Terence V. Byron and his family. Many people including myself wondered if we were hearing right when the Deputy Leader, at the height of his ranting and raving said: "Morris crazy TOO". More than anything else that he did or said that night, that slip of the tongue convinces me that he "went off". How on earth such a statement could help him is beyond me. After that performance by the Deputy Leader of the Labour Party, the leadership and rank and file of the party and union must of necessity put a big question mark as to his suitability as an effective speaker or leader.

Lee Moore was the last to speak. It fell on his shoulders to pump some life and purpose into the despairing meeting. He tried but he failed. He simply could not rise to the occasion. One could sense the feeling of disappointment emanating from the very small crowd. Several persons turned out to that meeting because of the whisperings preceding the meeting that Labour was going to announce something Big. People went to hear for themselves about Lee Moore's resignation as Leader of the Party or Union, or Joe France's retirement or both.

Moore's Dr. Jekyll and Mr. Hyde personality was in evidence. Lee blew hot and cold at the same time and as usual, he maligned the Police Force. He fell far short of what was expected of him by even his long-suffering admirers. He did not or could not present himself as a serious and sincere alternative to the likeable, sober and progressive Prime Minister of St. Kitts and Nevis, Rt. Hon. Dr. Kennedy Alphonse Simmonds. Neither could he display the maturity and wisdom of Paul Southwell, the Labour Leader he fought so very hard against for the Premiership.

When the meeting ended, I asked a Labour supporter (who will remain a Labour supporter, regardless but one who is usually frank in giving his opinion on any subject) what were his thoughts on the meeting. Here is his answer: "I'm still trying to discover what the meeting was really about".

Whoever labelled the present Leaders of Labour as "Misleaders" couldn't have found a better name for them. Look how Bryant, Moore and Browne, three power-hungry, power-crazy men, have ran the once-mighty Labour Party and Union into all kinds of problems! Problems from which Labour cannnot escape while they remain in leadership positions. Bradshaw and Southwell must be turning in their graves over what the present leadership of Labour has reduced the Party and Union to. They cannot properly manage the Labour Party and Union business. Yet they are expecting the people of this country to entrust the Nation's business to them. If we do, they will steer the ship of state in the same hopeless situation in which they have the Labour Movement. Is that what we want for our country? God forbid!.

Where are the new emerging leaders of the party and union to replace the washed-up leaders desperately catching at straws? Where are the genuine Trade Unionists? What has happened to the other Labour candidates in the last election? Sebastian, Halva Hendrickson, and James Buchanan? Can we call them "ONE SHOT MEN" likening them to the character in Mick Stokes and the G.I, Brass International popular Road March Hit for the 1985 National Carnival? At least 3-time loser Ribeiro has made it clear that he "done with them". Has Willie Dore abandoned ship too?

My faith in the good sense of the electorate is strengthened by knowing that none of Labour's three troublesome leaders, have any mandate from the people to represent them. The electorate weighed Bryant and Moore in the balance and found them wanting. The electorate dumped them after electing each of them 3 times. Browne has not faced the electorate as yet and I doubt if he ever would. But whether he does or not, he can't win a seat in St. Kitts. Knowing that himself, I believe that he covets the position of Ambassador like Bryant does. Imagine having to call Bryant or Stugumber "YOUR EXCELLENCY"!!! I am totally satisfied that none of the present Labour Leaders could ever walk in Prime Minister Simmonds' shoes.

Three cheers for Prime Minister Simmonds for being invited to take part this very week in the formation of the Caribbean Democrat Union (CDU) in Jamaica as a regional arm of the highly respected International Democratic Union. Three cheers for Prime Minister Simmonds for being invited to give the Feature Address at this year's Annual Conference of the ruling Barbados LABOUR PARTY in Bridgetown, Barbados. Yes! you read it right - Barbados LABOUR Party. The ruling party in Barbados, a Labour Party at that, chose St. Kitts and Nevis Statesman and Prime Minister, the Rt. Hon. Dr. Kennedy Simmonds to give credence to their Convention by delivering the Feature Address. And the Prime Minister has consented so to do. You note they did not ask the St. Kitts Labour Misleader? Three cheers again to the Government for St. Kitts and Nevis being awarded for the second year in succession, the prestigious title as FREEST NATION IN THE WORLD. It is no accident that this is so, because, nobody has ever heard of St. Kitts and Nevis being named the FREEEST NATION IN THE WORLD before PAM came into Government! And you know why? Nobody, thank God, lives in fear of this Government. Nobody lives in fear of Prime Minister Simmonds. Nobody lives in fear of any Government Minister since 1980, and that's how it should be. I am proud to be a Member of a Government that is so highly regarded and respected with a Prime Minister who is a champion of Freedom and Democracy at home and abroad.

Complaints Against PAM

Basseterre THE LABOUR SPOKESMAN in English 18 Jan 86 p 2

[Editorial: "The Irony of it!"]

[Text] Speaking at Labour's public meeting last Sunday night at Greenlands Park the Comrade Leader promised "In a new dispensation Labour will restore the confidence and credibility which will attract rather than drive away investors."

Comrade Moore referred to a certain irony. He said PAM is known as the party of business, yet under PAM business is contracting whereas under Labour business thrived.

He said what was more, the failure of businesses under PAM was happening in spite of the support of the U.S. Caribbean Basin Initiative.

The point raised by Comrade Moore is a profoundly serious one.

Everyone knows that the history and the philosophy of the Labour Party make it the party which emphasizes the interests of the working class.

The Labour Party sees the members of the working class as the most disadvantaged segment of the community and it aims to lift them up and raise their standards.

But even though Labour emphasized the interests of the working class, the Party was sensible enough to know that it could not promote the interests of that class by destroying business.

To be sure the Party believed in a more equitable distribution of the national product. But Labour never advocated the destruction of business run on free market lines.

On the contrary, Labour encouraged the development of private enterprise alongside state business and mixed enterprises.

Labour encouraged growth in agriculture, in tourism and in light industry.

When light industry seemed sluggish in getting off the ground, Labour not only laid out an industrial park, but Labour built and seeded the first modern garment factory. It is this which now houses Sun Island Clothes.

Labour invited Curtis Mathes of Texas to start the assembly of television sets here in St. Kitts and the new era of industrialisation had begun.

There followed a number of factories for the manufacture of shoes, electronics, undergarments, boat-building etc.

While Labour was in office one factory was closed. That was Curtis Mathes. That closure was undertaken in an orderly fashion. First the government was notified and discussions were held on the conditions which were forcing the company to cease operations. The workers were paid full severance pay.

The company, after discussions with government undertook to diversify and did infact diversify their operations to start a new garment manufacturing plant. They had already explained that they had neither expertise nor experience in this field. But they were prepared to enter because they respected a government which was showing genuine concern for the workers.

When, as it anticipated, the company ran into difficulties with the garment manufacturing plant, it still did not walk away from it until it had negotiated a sale of the operation. But that was under Labour.

It was under Labour that the Fort Thomas Hotel and the Royal St. Kitts Hotel were built. All kinds of incentives were given by the

government to help make them successful. But both had false starts with regard to their management.

When Holiday Inn decided to give up the management of Fort Thomas Hotel, the Labour Government took a decision that the hotel should not close. And it never closed.

Although the Royal St. Kitts was closed for a short while the administration never stopped working until it found an operator.

In all instances there was concern for the welfare of the workers.

Even sugar came very near to closing under Labour. But it never did. When the estate owners found it near impossible to continue because the banks would no longer make them advances, the Labour Government developed a creative arrangement which rescued the industry and saved the livelihood of thousands of people.

But under PAM the opposite had been happening. The businesses which have closed since PAM took office include -

(a) Medusa. This was the name given to the garment factory which had been operated by Curtis Mathes after it was sold to Salztman. This factory, according to the Prime Minister, slipped out one evening and hundreds of workers were out of work.

(b) Century Shoe Company. This was a subsidiary of a U.S. company, Brooks Shoes. When this facility closed, 200 persons lost their job.

(c) Dan-Dan Garments Ltd. This was a subsidiary of T.D.C., a local firm. At one stage it employed over 100 persons. It reduced its workforce and then it finally closed.

(d) T.S.I. This was an electronics assembly plant with headquarters in the United States. On January 1, 1986 Prime Minister Simmonds announced that the company had landed a major order and would be expanding. A week later the company announced that due to a shortage of orders the company would not be re-opening. And 75 persons had lost their jobs.

Those are the major cases. To those are to be added a number of small businesses which have folded such as Charles Daniel's enterprise, City Gate and H & R Liquors, and the Wesfar and Budget Rental businesses.

Add to these the failure of the Bank of Commerce which has caused grief to a lot of small depositors and the magnitude of the ill that has befallen business will be grasped.

Still more, there are businesses which were negotiating to come here and have not come. One such was the enterprise to manufacture vehicle batteries.

The case is clear. PAM, which is in theory the party of business, is in fact destroying business. And it is doing so despite the support of the Caribbean Basin Initiative.

In our opinion the explanation lies in the two words used by Comrade Moore - confidence and credibility - of which there is a dire lack.

There is not a climate of confidence beckoning investors.

Business is not seen as a partner to be consulted, it is a football to be kicked about.

There is no fairness. The ministers are in business and they can do well because they take for themselves exemptions from the laws. The ministers use their offices to enhance their businesses.

Businessmen have no freedom to employ persons of their own choosing. They have to accept the cronies the ministers send them even when those persons are clearly not able to do the jobs.

There is no industrial peace and industrial harmony. There appears to be no unrest but employers know that the workers are uneasy about their conditions and at any time chaos might set in.

In short, corruption, nepotism, greed, incompetence and other vices in the administration have destroyed confidence and credibility and are undermining the profitability of business.

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ST CHRISTOPHER AND NEVIS

LABOR UNION FOR SUGAR WORKERS ENGAGED IN NEGOTIATIONS

Basseterre THE LABOUR SPOKESMAN in English 18 Jan 86 p 1

[Unsigned article: "Sugar Negotiations Going on Between NACO, SSMC and the Union"]

[Text] On Wednesday morning, this week, negotiations started between the National Agricultural Corporation (NACO), the St. Kitts Sugar Manufacturing Corporation (SSMC) and the St. Kitts-Nevis Trades and Labour Union in respect of the 1986 sugar crop.

NACO was represented by Mr Leonard James, Mr Wentford Rogers and Mr Christopher Walwyn.

SSMC was represented by Mr Samuel Nathaniel and Mr Bernard Audain.

The Union was represented by Comrades Joseph N. France, Fidel O'Flaherty, Joseph Jones, Dudley Gumbs, Owen Caines and Clifford Thomas.

The negotiations continued during Wednesday afternoon, Thursday morning and Thursday afternoon.

The main proposals submitted by the Union to SSMC on 11 December 1985 related to the medical service, sick pay, the re-construction of the sugar industry, deduction of Union dues, and bonuses and wages for 1986.

The main proposals submitted by the Union to NACO on 16 December 1985related to women workers, dropping of soda, cleaning of nuts, land for grazing workers' animals, increase in the weekly pension, deduction of Union dues, the treatment of older workers, medical attention, and bonuses and wages for 1986.

Management representatives for NACO and SSMC stated that they were not authorised to discuss two matters:

(a) the payment of goat water (special bonus) to sugar workers this month, and

(b) The deduction of Union dues.

There was no agreement concerning an increase in the weekly pension of $7.00 paid to former estate workers or concerning giving assistance to workers in cases of hospitalisation and operation.

Agreement was reached to increase the end-of-crop bonus and the dull season bonus to 4%. There was also agreement on several other matters not related to bonuses and wages.

Discussions are still continuing concerning the level of the Christmas bonus and the level of the general increase for 1986.

The Union is pressing for an increase in the Christmas bonus from 7% to 8% of wages.

A general wage increase has been agreed in principle. The Union is pressing for 25% while the two corporations are offering 4%.

The negotiations resume next Monday (20 January) at 10 a.m.

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ST CHRISTOPHER AND NEVIS

BRIEFS

LOAN FROM TAIWAN--Basseterre, Jan 28--Taiwan is lending St Kitts and Nevis US 3.5 million dollars for the construction of 70 homes for low-income earners. The project has already started and the first set of two-bedroom houses are expected to be completed by April, a government statement said. About 100 people are working on the project. [Text] [Bridgetown CANA in English 2028 GMT 28 Jan 86 FL] /12851

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TRINIDAD AND TOBAGO

FASTING SENATOR CITES PROSPECTS FOR ELECTION VIOLENCE

Port-of-Spain SUNDAY EXPRESS in English 16 Feb 86 pp 2, 3

[Article by Camini Marajh: "Senator Myers: Expect Violence at Election Time; 'PNM Won't Go Without a Fight'"]

[Text] NOW THAT HE has completed his 40-day fast, Senator Lincoln Myers is focussing his attention on the upcoming general election. And he believes it's going to be a dirty campaign.

"I do believe the ruling party will fight dirtier than they have ever fought before," he told the SUNDAY EXPRESS on Wednesday, moments after he emerged from a week of seclusion.

The Senator, who had gone into seclusion following his dawn-to-dusk fast on the steps of the Hall of Justice, said: "I believe there will be violence. The PNM Government has been in power for too long ... they will not go without a fight."

A lean Senator Myers (he said he had lost 10 pounds), who charged that the present situation had all the ingredients for a 1970 type showdown, added: "One just has to look and see ... the social unrest, the high unemployment rate ... the writing is on the wall ... the troubles of 1970 are brewing again."

But Myers cautioned: "In any situation of violence, only the people will lose out. The State always prevails."

Myers also reiterated that he had gone on his 40-day fast because of the dispute between the Public Accounts Enterprises Committee (PAEC) and the Point Lisas Industrial Port Development Corporation (PLIPDECO).

The problem surfaced in March 1985 after PLIPDECO sued Myers and members of the PAEC, challenging the legality of the committee.

The suit was filed on two grounds: (1) The PAEC was not properly constituted and (2) The committee did not have the powers it claimed.

Faced with a court order and angry over Government's inaction to give teeth to the Parliament-appointed watchdog body, Myers said: "The Government has been very clever."

He said in June 1985, the House of Representatives went part of the way towards strenghtening the PAEC.

The House passed, without dissent, a resolution confirming the membership of the committee. It failed, however, to address itself to the "powers of the committee."

"And it was done through the Government," Myers charged. "When they brought that resolution making the appointment of the PAEC valid, they sought an agreement with the Leader of the Opposition not to have the resolution debated. He agreed. The Government had promised that the more important resolution dealing with the powers of the committee would

come shortly. It never came."

Myers said he waited. "I bided my time. I certainly was not prepared to allow the matter to die."

But even the most patient of men have their limits, and when the committee literally fell apart (following a number of stormy sessions), Myers, who was chairman, had reached his. He decided to settle the matter politically.

"I had to make some assessment as to what would be effective," he said. "I felt the country had become numb to the more traditional means of protest (letters of the editor, protest demonstrations etc). Still, PLIPDECO and the PAEC had to be dealt with. I had become very concerned about the level of corruption in the country. I cannot say for legal reasons that there was corruption at PLIPDECO, but I do have my concerns about how certain expenditures were carried out ... how tendering procedures were breached."

He added: "I am still very much concerned about contracts awarded to a little North American company called Estane Corporation."

Stating that PLIPDECO did not act in the public's interest, an angry Myers said: "Despite the fact that (State Enterprises Minister Ronald) Williams would say that $320,000 is not a lot of money, in my humble submission, most of Trinidad and Tobago would love to come by $320,000. And that was the amount paid by PLIPDECO to acquire a particular piece of machinery that never worked a single day."

The Senator charged that, on questioning PLIPDECO's chief executive officer, he learned that the machine worked for just a day.

"This caused me a great deal of concern," he said, "in addition to which there was this insistence that Estane had a great deal of international experience in building the types of houses they came down here to build."

But Myers, who flew to Georgia, Atlanta in 1984 to investigate the company said: "The company was formed specifically for coming to Trinidad. To date, PLIPDECO has not furnished me or the committee with any documentary evidence that Estane had any international experience prior to coming to Trinidad."

The 40-day fast, he added, was a statement of discipline to the people of Trinidad and Tobago. "We cannot have a Government that shows contempt to the population. We cannot have a Police Service that is engaged in criminal activities.

"I know there are decent people in the Police Service," he added, "but when they see senior officers engaged in all types of illicit behaviour, they have no mechanism within the hierarchy to deal with the problem. And when your police service cannot be trusted ... then something is seriously wrong with your society and it cannot go on without the either active involvement of the senior politicians in the country or acquiescence."

He confessed, however, that he prayed for divine guidance in his quest for a suitable method of protest. "I felt that traditional political language had exhausted itself in the country and we needed something different."

Asked the reason why he mixed religion and politics, Myers said: "I have no quarrel with saying that this (fast) was a political action. But I did not walk out of a church. I walked out of Parliament. I am a political figure."

He argued: "I don't believe we can really separate the two. The attempt at rigid demarcation of the two is what has led us to this chaos we are in. Every religion relates to the concept of justice.

"I know that this country is experiencing a certain kind of affixation and I deeply believe that the only way we can surmount this political crisis we are in is to ignite the spirit of our people," he said.

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TRINIDAD AND TOBAGO

FURTHER DETAILS ON CARONI-SUGAR WORKERS STANDOFF

Caroni Statement

Port-of-Spain EXPRESS in English 18 Feb 86 p 1

[Article by Harry Partap: "Caroni Offers Protection to Workers"]

[Text]

STATE-OWNED Caroni Ltd warned yesterday that it was prepared to offer protection to all workers who were willing to defy a ban by All Trinidad Sugar and General Workers Trade Union (ATSGWTU) on weekend harvesting and essential fire protection activity.

This tough plan by Caroni Ltd was contained in a statement released yesterday by company Public Relations Manager Tony Deyal. The statement came hours after talks aimed at resolving the work-to-rule impasse between the company and the union broke down at Sevilla House in Couva yesterday.

Company General Manager Russell Wotherspoon had called the meeting with ATSGWTU Leader Basdeo Panday and General Secretary Sam Maharaj to seek a full resumption of operations.

Maharaj said after the meeting that the company refused to budge on the question of the withdrawal of the appeal against the wages and Cost of Living Allowances awarded by the Industrial Court.

Maharaj said the withdrawal of the appeal "was central to the issue," and that if the company did not want to discuss this, then no useful purpose would be served by further discussions.

The company's statement said that it had no notification of a dispute between Caroni and the union but learnt of a work-to-rule through media reports. The company said that it understood the union had instructed harvester operators not to work overtime on weekends and that steps were taken to prevent contracted harvesters from working.

Said the statement: "The company is also seriously concerned about the use of intimidation by the union to prevent workers, particularly fire crews, from performing their jobs."

Wotherspoon, in presenting Caroni's position at the meeting called by the company out of its concern for the continuation of the 1986 sugar crop and the future of the industry, made the following points:

- As a result of the present union action, the crop, which was initially delayed by wet conditions, will inevitably go into the rainy season and may have to be abandoned without reaching its target, should the union's action continue.
- The company's plan calls for grinding a mix of farmers and company canes and it would not be feasible to operate on farmers' canes alone. This would force the company to close its factories at weekends and lay off factory and transport workers.
- The farmers stand to lose considerably if the company cannot purchase their canes on a continuous basis.
- The intimidation of fire crews has resulted, and will result, in the loss of a substantial amount of company canes burnt and abandoned.
- This would reduce employee earnings. If the company does not meet its target of 91,000 tonnes of sugar, it would result in the loss of foreign exchange to Trinidad and Tobago, loss of projected income for Caroni, higher cost per tonne, increased expenditure and increased operating deficit.

Wotherspoon warned the union that its action was:

- jeopardising employees' earnings;
- destroying the sugar industry's effort to turn around its fortunes;
- acting against national interest by reducing foreign exchange earnings;
- reducing the earnings and standard of living of Caroni's employees during the crop, which is the period of peak earnings for workers, and that opportunity, once lost cannot be regained;
- jeopardising the livelihood of approximately 7,000 cane farmers who depend on the company;
- jeopardising the 1987 and other future crops and, by so doing, the future of the industry.

Impact on Farmers

Port-of-Spain TRINIDAD GUARDIAN in English 19 Feb 86 p 1

[Unsigned article: "Workers to Stop Handling Farmers' Cane"]

[Text] THE 6,000 — plus cane farmers of the country will be hard hit from this weekend since sugar workers employed with Caroni (1975) Limited will not handle farmers' cane at the purchasing points and factory gates.

President General of All Trinidad Sugar and General Workers' Trade Union Opposition Leader Basdeo Panday said yesterday: "We are going to intensify our struggle.

"The work-to-rule will continue and the next move is to stop handling farmers' cane from this weekend and we do hope that the farmers will understand and sympathise with the sugar workers," he added.

He said Caroni refused to withdraw its appeal against the award of the Industrial Court and pay the sugar workers wages owing to them over the past three years. Therefore sugar workers had no alternative but to take the necessary action regardless of the consequences.

"We are not prepared to call off the work-to-rule since Caroni has no justification at all to further delay payment of increased wages," the union leader said.

TICFA To Meet

Referring to Caroni's refusal to withdraw the appeal, Mr. Panday said: "We say Caroni is jeopardising the lives of 50,000 people by failing to pay the increased wages. What do they expect the sugar workers to do in these circumstances? Does Caroni expect the sugar workers to continue working to put money in the company's pockets to pay legal fees (estimated at $150,000)? Caroni must withdraw the appeal or we will not end the struggle regardless of the consequences."

The union's move is being opposed by the Trinidad Islandwide Cane Farmers Association (TICFA), which has called a general council meeting for tomorrow to discuss the matter.

Mr. Seepersad Arjoonsingh, TICFA Chairman, said the meeting would be held at the association's head office, Sutton Street, San Fernando, from 1.30 p.m.

"The farmers will be severely affected since they depend on the weekends to sell most of their cane," the TICFA head said.

Farmers sold up to Monday 143,655 tonnes of cane out of an estimated 435,000 tonnes.

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TRINIDAD AND TOBAGO

TRINTOC MOVES AHEAD WITH EXPANDED DRILLING PROGRAM

Port-of-Spain EXPRESS in English 18 Feb 86 p 1

[Text]

THE Trinidad and Tobago Oil Company (Trintoc) is moving ahead with the rationalisation of its expanded operations and will spend some $225 million TT in its drilling programme this year.

This was disclosed by Energy Minister Patrick Manning following a technical meeting with the company at Clifton Hill, Point Fortin, yesterday. With Manning were Trintoc's Managing Director Walton James, the Ministry's Permanent Secretary Trevor Boopsingh, Chief Petroleum Engineer Rupert Mendes and other senior officials of the company.

Manning said the company would drill 48 development wells at a total cost of $100 million TT, 17 enhanced recovery wells at a cost of $10 million and six exploratory wells at a cost of $24 million TT.

The company is expected to spend $25 million TT on 135 workovers and $66 million TT on seismic work. He said the company is expecting to produce 22,000 bpd (barrels per day) crude this year, representing a seven per cent production increase over 1985's production of 19,624 bpd.

Manning said that the company made some organisational changes, creating two separate divisions—east and west—to co-ordinate the work of the company. He said the rationalisation programme had included a "fiscalisation of points," resulting in efficiency in manufacturing at the company.

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VENEZUELA

ADMINISTRATION'S ECONOMIC POLICIES ANALYZED

Caracas EL UNIVERSAL in Spanish 22 Dec 85 p 2-15

[Article by C. R. Chavez]

[Text] While it is true that we are not experiencing a general economic recovery, it can not be denied that there have been some positive economic reactions in some specific areas and subsectors.

Dr Carlos Acedo Mendoza, a financial analyst, pointed this out in a preliminary analysis of some features of 1985's economic performance.

After mentioning the correct way in which the negotiations for refinancing the foreign debt were conducted, Acedo Mendoza said:

The government's policy on inflation has been a good one. It has kept inflation under control. In addition, the special investments plan, called the Triennial Plan, is now in the process of approval. There are certain indications of a recovery in production, brought about by treasury spending. Political and social stability have been maintained, even though some serious problems are still present.

In some areas of production we can see a certain tendency toward recovery. We find moderate rates of growth that have surpassed the levels achieved in previous years, due to some economic measures such as those pertaining to exchange. This has brought about an increase in the domestic consumption of some products that used to be imported. These measures and others of a fiscal, financial, and admini trative nature have worked together to start a recovery. These measures are designed to expand the aggregate demand in the areas of public spending, consumption, exports, and investment.

FEDECAMARAS [Association of the Chambers of Commerce and Industry], CTV [Confederation of Venezuelan Workers], and the government have made joint efforts to generate more jobs, and all measures that might directly or indirectly hurt employment have been avoided. Salaries have been kept stable; the differential exchange policy for some imported goods and raw materials has continued. In addition, selective price increases have been granted, and measures to help stabilize the balance of payments have been adopted.

Some gains have been made in monetary and fiscal discipline. A balanced budget with a reasonably restrictive framework has been presented. It appears that confidence in the nation is beginning to return; this is essential for our economic recovery.

The national government has taken some steps which have helped the production sector, with the government often assuming the social costs of these measures.

The rules covering foreign investment in Venezuela have been modified, making possible investments tending to internationalize the activities of PETROVEN [Venezuelan Petroleum, Inc]. We are continuing to export more and more, and the permits required for exports are being simplified.

Recadi has received a favorable response concerning the foreign private debt. Financing has been provided for industrial projects, and interest rates have declined.

The Central Bank of Venezuela has continued its prudent policy on liquidity, oscillating between expansion and contraction of liquid assets. The current monetary policy, and policies on national accounts and the balance of payments have also been continued.

We are moving toward a single exchange rate through progressive approximation measures seeking a proper relation between the purchasing power of our currency and the currencies obtained through our international trade. This should bring about adjustments in the balance of payments, leading to a balanced rate in our monetary exchange system.

PETROVEN's earnings were positive. Our consumption patterns have been evolving favorably.

There are indications that Venezuelan private investment will increase next year, along with foreign investment. Venezuela's foreign credit rating has improved, as well as its reputation as a trustworthy and reliable credit risk.

Serious attention has been given to the problem of smuggling and to some grave social problems, such as drugs.

Imports have declined by 1.6 billion bolivars and customs receipts are up 43 percent. Deposits in commercial banks have increased. Next year we will move toward the restoration of constitutional protection for the economic area; these standards have been violated for the past 20 years.

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VENEZUELA

FOREIGN RESERVES SURPASS 10 BILLION DOLLARS

Caracas EL NACIONAL in Spanish 11 Dec 85 p D-1

[Article by Amado Fuguet V.]

[Text] According to comparative studies prepared by private banks, Venezuela is in a very comfortable position in terms of its international foreign currency reserves.

Excluding gold holdings and reserves of the FIV [Venezuelan Investment Fund], foreign currency held by the BCV [Central Bank of Venezuela] at the end of October amounted to $10.172 billion, representing 15.5 months of import coverage. This level remained the same during the next month, as there have been no major variations in this indicator.

In terms of history, in 1985 the Central Bank's reserves, not including gold reserves--which were revalued in September 1982--topped their 1981 level, when petroleum exports reached their peak.

Although in months of import coverage the Venezuelan reserves are larger, Brazil had the highest level in nominal terms, since it has $11.095 billion. However, this amount will cover only 9.6 months of Brazil's imports. In any event, if the FIV reserves were included, Venezuela's reserves would probably surpass Brazil's.

A comparison with the other Latin American countries is given below.

Reserves Excluding Gold

Country	Millions of Dollars [except as noted]	Month	Months of Imports Covered
Argentina	1.966 billion	July	5.5
Bolivia	176	Sep	5.1
Brazil	11.095 billion	July	9.6
Colombia	1.160 billion	Sep	3.5
Costa Rica	479	Sep	5.8
Chile	1.681 billion	Sep	6.0

Ecuador	617	Sep	4.7
Guatemala	225	Sep	2.3
Paraguay	553	Sep	10.2
Peru	1.344 billion	July	7.5
Mexico	6.119 billion	June	6.5
Uruguay	88	July	1.4
Venezuela	10.172 billion	Oct	15.5

The reports from the private banks indicate that reserves, after declining slightly during the third quarter of 1985, began to recover starting in October. The increase during October was $324 million, so the BCV's international reserves were $13.611 billion.

Technical studies indicate that this was caused both by increased earnings and a decline in outflow in relation to the preceding month.

Earnings rose with the upturn in foreign currency earnings by the petroleum industry, because of the increase in the volume exported in August and September. In view of the credit terms granted for petroleum sales, this recovery was not reflected in currency movements until October. In addition, there was a reduction in currency outflow, as a result of lower sales to the public sector and PDVSA [Venezuelan Petroleum, Inc].

During the first 10 months of 1985, reserves rose by $1.142 billion over their balance at the close of 1984. This increase was caused by 1985's new surplus in the current account of the balance of payments. According to the bank reports, even when the prepayment fee of $750 million which will be made once the refinancing agreement is signed with the International Bank is deducted, it is clear that this still leaves an overall positive balance in the 1985 exchange movements.

The analysis concludes by pointing out that Venezuela has sufficient foreign assets to cope with a decline in oil exports in 1986. "The foreign sector is not an impediment to the recovery of our domestic production," it reported.

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BRIEFS

1985 OIL EXPORTS FIGURES--Just 2 weeks before the end of the year, it is certain that the scheduled petroleum export and revenue goals for 1985 have been met, and may possibly have even been slightly surpassed. This has been confirmed by petroleum experts. The oil export program was revised in the middle of the year, when the international market contracted and exports by OPEC members, including Venezuela, dropped sharply. The petroleum leadership prepared a strategy to improve its readjusted numbers, and this is what has now happened: exports of an average of 1,356,000 barrels per day of all hydrocarbons combined, and earnings of $13 billion, based on an average price of $25.81 per barrel. One favorable factor surpassing these estimates is the average price earned--$25.96 per barrel. This is 15 cents higher than the estimated price for the total export package. The goal of $13 billion for 1985 is lower than the original estimate, which was reduced in August based on the current market conditions. The fact that these goals were met indicates that the petroleum industry was correct in its expectations and in its interpretation of the market situation. [Text] [Caracas EL NACIONAL in Spanish 14 Dec 85 p A-1] 7679

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